



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Agenda
Water and Wastewater Financing Board
November 19, 2020
10:00 AM

- I. Call to Order
- II. Approval of Minutes
- III. Financial Distress Cases
 - a. Alamo Pg. 22
 - b. Atoka Pg. 31
 - c. Bruceton Pg. 113
 - d. Collinwood Pg. 128
 - e. Erin Pg. 202
 - f. Grundy County Pg. 217
 - g. Newbern Pg. 223
 - h. New Johnsonville Pg. 248
 - i. Rutledge Pg. 260
 - j. Smithville Pg. 280
 - k. Sunbright Pg. 294
 - l. Trezevant Pg. 295
 - m. Wartburg Pg. 376
- IV. Annual Information Report Pg. 377
- V. Board Discussion
 - a. 2021 Board Meeting Dates Pg. 388
 - b. Miscellaneous

MINUTES
WATER and WASTEWATER FINANCING BOARD MEETING
August 27, 2020
10:00 am

Chair Betsy Knotts detected a quorum and called to order the meeting of the Water and Wastewater Financing Board (“the Board”) via Webex at 10:00 am.

Board Members Present

Betsy Knotts, Chair, Comptroller Designee
Tom Moss, Department of Environment and Conservation (“TDEC”), Commissioner Designee
Rick Graham, representing municipalities
Eugene Hampton, representing government finance
Drexel Heidel, active employee of a water utility district
Jim Redwine, representing environmental interests
Nick Newman, active employee of municipal water system
Mike Adams, representing utility districts

Members Absent

Mike Goodman, representing manufacturing interests

Staff Present

John Greer, Comptroller’s Office
Ross Colona, Comptroller’s Office

Counsel Present

Rachel Buckley, Comptroller’s Office

Electronic Meeting Approval

Chairman Knotts advised that Executive Order #51 signed by Governor Lee provides that a governing body may conduct essential business by electronic means without a quorum of members present in the same location, if the governing body determines that meeting electronically is necessary to protect the health, safety, and welfare of Tennesseans in light of the COVID-19 outbreak.

Mr. Graham moved that the Board approve proceeding electronically without a quorum present at the same location. Mr. Moss seconded the motion which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

New Chair Introduction

Mr. Greer introduced Ms. Betsy Knotts as the newly-appointed Board chair filling the vacancy left by Ann V. Butterworth.

Approval of Minutes

Ms. Knotts presented the November 11, 2019 minutes for approval. Mr. Graham moved to approve the minutes. Mr. Heidel seconded the motion, which passed with the following roll call vote:

Financial Distress

Entities to the Update Cycle

Chairman Knotts recommended that all entities being moved to the update cycle be taken first at the beginning of the meeting. These entities are Alexandria, Blaine, Clarksburg, Clinton, Gates Harriman, Hornbeak, Huntland, Sharon, Tracy City, and Troy.

Tom Moss made a motion to move these entities to the update cycle. Mr. Redwine seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Watertown

Mr. Greer recommended that the Board order the following:

1. By November 30, 2020, the City shall implement all Tennessee Association of Utility Districts (“TAUD”) recommendations.
2. By December 31, 2020, the City shall send Board staff proof of implementation of paragraph 1.
3. By December 31, 2020, the City shall send Board staff proof that all board members have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
4. The City shall send financial updates to Board staff by March 1st and September 1st of each year, beginning March 1, 2021, until the Board releases the City from its oversight.

Mayor Michael Jennings of Watertown addressed the Board.

Mr. Hampton advised that he tended to agree with the Mayor’s contention that a rate increase may be premature since they will have to do large upgrades in the future. Mr. Greer informed Mr. Hampton that increasing costs on the utility were already calculated in TAUD’s recommendations.

Mr. Heidel asked if the training required was available online. Mr. Greer responded in the affirmative.

Mr. Redwine asked if Watertown would be open to removing their inside and outside rate classes. The Mayor confirmed that they would not be opposed to that.

Mr. Redwine made a motion to adopt Staff's recommendations. Mr. Adams seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Bethel Springs

Mr. Greer recommended the Board order the following:

1. By November 30, 2020, the City shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation
2. All other directives of the September 30, 2019 order shall remain in effect.

Mr. Adams made a motion to adopt Staff's recommendations. Mr. Newman seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Clifton

Mr. Greer explained the staff recommendations that the Board order the following:

1. The City shall have TAUD, or another qualified expert as approved by Board staff, assist in completing the financial questionnaire previously sent by Board staff.
2. By October 31, 2020, the City shall send Board staff a copy of the contract between the City and the qualified expert who is to perform the tasks in paragraph 1.

3. The City shall send the completed financial questionnaire and all supporting documentation to Board staff by December 31, 2020.
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 City.

Mr. Moss moved to adopt Staff's recommendations. Mr. Heidel seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Cowan

Mr. Greer recommended the Board order the following:

1. The City shall have the TAUD, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
 - i. creation of a capitalization policy;
 - ii. a review of the City's purchasing policy, including any recommended modifications;
 - iii. creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
 - iv. a justification for the differing rate classes, or if no justification is possible, recommendations for an appropriate rate structure;
 - v. a review of all water and sewer fees, including any recommended modifications;
 - vi. a justification for the differing fee classes, or if no justification is possible, recommendations for an appropriate rate structure;
 - vii. and
 - viii. a justification for the differing tap fees, or if no justification is possible, recommendations for an appropriate fee structure.
2. By October 31, 2020, the City shall send Board Staff a copy of the contract between the City and the qualified expert who is to perform the tasks in paragraph 1.
3. By February 28, 2021, the City 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 City.

Mr. Newman moved to adopt Staff's recommendations. Mr. Hampton seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Friendship

Mr. Greer explained the staff recommendations that the Board order the following:

1. By December 31, 2020, the City shall implement water rate option 4 of the TAUD report and TAUD's sewer rate recommendation.
2. By December 31, 2020, the City shall implement, or adopt a plan of implementation for, the recommendations listed under "other suggestions" on page 18 of the TAUD study.
3. By January 31, 2021, the City shall send Board staff proof of implementation of the directives in paragraph 1 of this order.
4. By January 31, 2021, the City shall send Board staff proof of implementation of, or a plan of implementation of the directives in paragraph 2 of this order.
5. If the City fails to comply with this order, Board staff shall refer this matter to the Attorney General's Office for enforcement action through chancery court.

Mr. Heidel asked why the City is not willing to purchase water from neighboring utilities. Mr. Moss answered that the City would rather produce its own rather than relying on another City. Mr. Greer affirmed that the City truly just wishes to be in control of its own water source and water rates.

Mr. Redwine moved to adopt Staff's recommendations. Mr. Newman seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Graysville

Mr. Greer recommended that the Board order the following:

1. By November 30, 2020, the City shall implement all recommendations in the TUA report dated August 6, 2020.
2. By December 31, 2020, the Town shall provide Board staff with proof of implementation of all TUA recommendations.
3. The Town shall send financial updates to Board staff by March 1st and September 1st of each year, beginning March 1, 2021, until the Board releases the Town from its oversight.

Mr. Newman moved to adopt Staff's recommendations. Mr. Adams seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Grundy County

Mr. Greer recommended that the Board order the following:

1. By November 13, 2020, the County shall send a plan of action, developed in conjunction with BCUD, to Board staff.
2. The directives of the Board's April 2, 2019 order that are inconsistent with the directives contained herein are hereby rescinded.

Mr. Moss moved to adopt Staff's recommendations. Chairman Knotts seconded, which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Kingston

Mr. Greer recommended the Board order the following:

1. The City shall implement all recommendations of the Ratelis rate study and send Board staff of such implementation by November 6, 2020.
2. The City shall send financial updates to Board staff by March 1st and September 1st of each year, beginning March 1, 2021, until the Board releases the Town from its oversight.

Mr. Heidel moved to adopt Staff's recommendations. Mr. Redwine seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Lauderdale County

Mr. Greer recommended the Board order the following:

1. The County shall have TAUD, or another qualified expert as approved by Board staff, to complete a rate study.
2. By November 30, 2020, the County shall send Board staff a copy of the contract between the County and the qualified expert who is to perform the rate study in paragraph 1.
3. By November 30, 2020, the County shall adopt a tap fee of \$650 plus the cost of a bore if needed.
4. By November 30, 2020, the County shall ensure that its credit card fees comply with Tenn. Code Ann. § 9-1-108(c)(3).
5. By November 30, 2020, the County shall ensure that all members of the utility system's governing body have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
6. By December 31, 2020, the County shall send Board staff proof that all members of the utility system's governing body have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
7. By December 31, 2020, the County shall send Board staff proof that the County's credit card fees comply with Tenn. Code Ann. § 9-1-108 (c)(3).
8. By December 31, 2020, the County shall send Board staff proof of its implementation of a \$650 tap fee, plus the cost of a bore if required.
9. By February 28, 2021, the County shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
10. 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 County.

Mr. Heidel moved to adopt Staff's recommendations. Mr. Hampton seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Linden

Mr. Greer explained the staff recommendations that the Board order the following:

1. The Town Shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, assist in completing the financial questionnaire previously sent by Board staff.
2. By October 31, 2020, the Town shall send Board Staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
3. The Town shall send the completed financial questionnaire and all supporting documentation to Board staff by December 31, 2020.
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 Town.

Mr. Adams moved to adopt Staff's recommendations. Mr. Newman seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Mount Juliet

Mr. Greer recommended that the Board order the following:

1. The City shall have TAUD, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
 - i. creation of a formal capitalization policy;

- ii. a review of the City’s leak adjustment policy, including any recommended modifications;
 - iii. a justification for the differing rate classes, or if no justification is possible, recommendations for an appropriate rate structure; and
 - iv. a justification for the differing tap fees, or if no justification is possible, recommendations for an appropriate fee structure.
- 2. By October 31, 2020, the City shall send Board staff a copy of the contract between the City and the qualified expert who is to perform the tasks in paragraph 1.
- 3. By December 31, 2020, the County shall send Board staff proof that all members of the utility system’s governing body have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
- 4. By February 28, 2021, the City 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 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 City.

Mr. Redwine moved to adopt Staff’s recommendations. Mr. Heidel seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
 Mr. Graham- Yes
 Mr. Hampton- Yes
 Mr. Heidel- Yes
 Mr. Newman- Yes
 Mr. Redwine- Yes
 Vice-Chair Moss- Yes
 Chairman Knotts- Yes

Parrottsville

Mr. Greer recommended the Board order the following:

- 1. The Town shall have TAUD, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
 - i. creation of a capitalization policy;
 - ii. a review of the Town’s capital asset list, including any recommended modifications;
 - iii. creation of a debt management policy;
 - iv. a review of the Town’s purchasing policy, including any recommended modifications;
 - v. creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;

- vi. an evaluation to determine the number of customers connected to the sewer system;
 - vii. negotiation of a cut-off agreement with the local water provider;
 - viii. a justification for charging a flat fee rather than billing by usage, or if no justification is possible, recommendations for an appropriate rate structure; and
 - ix. a review of connection fees, tap fees and required deposit amounts, including any recommended modifications.
2. By October 31, 2020, the Town shall send Board staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
3. By December 31, 2020, the Town shall send Board staff proof that all members of the utility system's governing body have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
4. By February 28, 2021, the Town 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 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 Town.

Mr. Redwine asked whether a merger with a nearby utility was possible. Mr. Greer answered that there is no utility close by for a viable merger.

Mr. Heidel asked if there was a sewer use ordinance that would force customers to pay sewer if they have access even if they are not hooked on to the system. Mr. Greer answered that they currently do that, but the Town cannot enforce payment without an agreement with the water company to shut off a customer's water for non-payment of sewer.

Mr. Redwine moved to adopt Staff's recommendations with the addition that the professional performing the work will look for a potential merger in the area. Mr. Adams seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Petersburg

Mr. Greer recommended the Board order the following:

1. By November 30, 2020, the Town shall implement all TAUD recommendations.

2. By December 31, 2020, the Town shall send staff proof of implementation of the directives in paragraph 1 of this order.
3. The Town shall send financial updates to Board staff by March 1st and September 1st of each year, beginning March 1, 2021, until the Board releases the Town from its oversight.

Mr. Newman moved to adopt Staff's recommendations. Mr. Hampton seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Puryear

Mr. Greer recommended the Board order the following:

1. The City shall have TAUD, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
 - i. a justification for the differing rates for customers outside the City as opposed to those inside the City, or if no justification is possible, a recommendation involving a singular rate for the two types of customers;
 - ii. the creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs;
 - iii. a determination of the cost of producing 1,000 gallons of water, and of treating 1,000 gallons of wastewater;
 - iv. a review of the new customer contract to include recommended modifications if needed;
 - v. a review of tap fees to include recommended modifications if needed; and
 - vi. a plan to reduce non-revenue water.
2. By October 31, 2020, the City or qualified expert shall send Board Staff a copy of the contract between the City and the qualified expert who is to perform the tasks in paragraph 1.
3. By December 31, 2020, the City or qualified expert shall send Board staff proof that all board members have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
4. By February 28, 2021, the City or qualified expert 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 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 City or qualified expert.

Mr. Adams moved to adopt Staff's recommendations. Mr. Newman seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Rogersville

Mr. Greer recommended the Board order the following:

1. The Town shall have TAUD, or another qualified expert as approved by Board staff, perform a cost of service study that includes the following:
 - a. a justification for the differing rates between customers inside the Town as opposed to those outside, or a new recommended rate structure if no justification is possible;
 - b. a justification for a declining block rate structure;
 - c. a justification for the discrepancy between sewer rates and water rates; and
 - d. a review of the leak adjustment policy including any recommended modifications;
2. The Town shall consult with counsel to ensure that the Town is legally justified in the wholesale rate charged to Persia Utility District.
3. By October 31, 2020, the Town or qualified expert shall send Board staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
4. By October 31, 2020, the Town shall send Board staff a copy of the contract between the Town and counsel who is to perform the tasks in paragraph 2.
5. By December 31, 2020, the Town shall send Board staff proof that all members of the utility system's governing body have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
6. By February 28, 2021, the Town shall provide Board staff with the completed cost of service study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
7. By February 28, 2021, the Town shall provide Board staff a report on the legal justification of the wholesale rate to Persia Utility District.
8. 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 Town.

Chairman Knotts moved to adopt Staff's recommendations. Mr. Moss seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

South Fulton

Mr. Greer recommended the Board order the following:

1. By November 30, 2020, the City shall implement all recommendations contained in the TUA report dated July 24, 2020.
2. By December 31, 2020, the City shall send Board staff proof that all recommendations contained in the TUA report dated July 24, 2020, have been implemented.
3. The City shall send financial updates to Board staff by March 1st and September 1st of each year, beginning March 1, 2021, until the Board releases the City from its oversight.

Mr. Heidel moved to adopt Staff's recommendations. Mr. Newman seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Tellico Plains

Mr. Greer recommended the Board order the following:

1. The Town 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:
 - i. a justification for the differing rates for customers outside the Town as opposed to those inside the Town, or if no justification is possible, a recommendation involving a singular rate for the two types of customers;
 - ii. the creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs;
 - iii. a review of the capitalization policy to include recommended modifications if needed;

- iv. a review of the leak adjustment policy to include recommended modifications if needed;
 - v. a review of connection fees, customer deposits and tap fees to include recommended modifications if needed;
 - vi. a review of the new customer contract to include recommended modifications if needed; and
 - vii. the feasibility of creating an independent utility board separate from the Town council.
2. By October 31, 2020, the Town or qualified expert shall send Board staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
 3. By December 31, 2020, the Town or qualified expert shall send Board staff proof that all its board members have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
 4. By February 28, 2021, the Town or qualified expert 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 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 Town or qualified expert.

Mr. Redwine moved to adopt Staff's recommendations. Mr. Moss seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
 Mr. Graham- Yes
 Mr. Hampton- Yes
 Mr. Heidel- Yes
 Mr. Newman- Yes
 Mr. Redwine- Yes
 Vice-Chair Moss- Yes
 Chairman Knotts- Yes

Trimble

Mr. Greer recommended the Board order the following:

1. The Town 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:
 - i. the creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs;
 - ii. a review of the new customer contract to include recommended modifications if needed;
 - iii. a review of tap fees to include recommended modifications if needed; and

- iv. a review of the leak adjustment policy to include recommended modifications if needed.
2. By October 31, 2020, the Town or qualified expert shall send Board Staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
3. By February 28, 2021, the Town or qualified expert 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 Town or qualified expert.

Mr. Moss moved to adopt Staff's recommendations. Mr. Newman seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Vanleer

Mr. Greer recommended the Board order the following:

1. The Town 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:
 - i. a justification for the differing rates for customers outside the Town as opposed to those inside the Town, or if no justification is possible, a recommendation involving a singular rate for the two types of customers;
 - ii. the creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs;
 - iii. a determination of the cost of producing 1,000 gallons of water, and of treating 1,000 gallons of wastewater;
 - iv. a review of the new customer contract to include recommended modifications if needed;
 - v. a review of the debt management policy to include recommended modifications if needed;
 - vi. a determination regarding whether a leak adjustment policy is necessary;

- vii. the creation of a capitalization policy; and
 - viii. a review of tap fees to include recommended modifications if needed.
2. By October 31, 2020, the City or qualified expert shall send Board staff a copy of the contract between the City and the qualified expert who is to perform the tasks in paragraph 1.
 3. By December 31, 2020, the City or qualified expert shall send Board staff proof that all board members have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
 4. By February 28, 2021, the City or qualified expert 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 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 City or qualified expert.

Ms. Knotts moved to adopt Staff's recommendations. Mr. Redwine seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Watauga River Regional Water Authority

Mr. Greer recommended that the Board release the Authority from its oversight due to the Authority's compliance with Board directives and its current financial health.

Ms. Knotts moved to adopt Staff's recommendations. Mr. Moss seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Ann V. Butterworth Resolution

Mr. Redwine moved to adopt the resolution. Mr. Moss seconded the motion, which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Adjournment

Chairman Knotts adjourned the meeting at 11:44 AM.

MINUTES
WATER and WASTEWATER FINANCING BOARD MEETING
September 29, 2020
10:00 am

Chair Betsy Knotts detected a quorum and called to order the special called meeting of the Water and Wastewater Financing Board (“the Board”) via Webex at 10:00 am for consideration of the creation petition for the Town of Friendsville wastewater plant.

Board Members Present

Betsy Knotts, Chair, Comptroller Designee
Tom Moss, Department of Environment and Conservation (“TDEC”), Commissioner Designee
Rick Graham, representing municipalities
Eugene Hampton, representing government finance
Drexel Heidel, active employee of a water utility district
Jim Redwine, representing environmental interests
Nick Newman, active employee of municipal water system
Mike Adams, representing utility districts
Mike Goodman, representing manufacturing interests

Staff Present

John Greer, Comptroller’s Office
Ross Colona, Comptroller’s Office

Counsel Present

Rachel Buckley, Comptroller’s Office

Others Present & Addressing the Board

Andy Lawhorn, City Mayor of Friendsville
Danny Amanns, Water Operator of Friendsville
Janet Ledbetter, City Recorder of Friendsville

Electronic Meeting Resolution

Chairman Knotts advised that Executive Order #60 signed by Governor Lee provides that a governing body may conduct essential business by electronic means without a quorum of members present in the same location, if the governing body determines that meeting electronically is necessary to protect the health, safety, and welfare of Tennesseans in light of the COVID-19 outbreak. Mr. Graham made a motion that the Board approve proceeding electronically without a quorum present at the same location. Mr. Newman seconded the motion which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Goodman- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes

Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Friendsville Petition

Mayor Lawhorn presented the petition on behalf of the City, indicating that although the City is known for its marble, many properties in the City are unused because the septic area is rock. The City hopes to increase commercial development along the Highway 321 corridor, but without a sewer system, commercial entities cannot develop the currently vacant property. Additionally, according to Mayor Lawhorn, Friendsville Elementary School is currently operating on a sewer plant that is over fifty years old and could fail at any time. The costs to the school to replace the sewer plant would be immense, so the school and the City have worked together to attempt to develop this sewer system.

Mayor Lawhorn indicated that several years ago, the City was awarded a grant for a sewer system, but the citizens voted it down because the City would have been responsible for treating its own sewage. The City has now come to an agreement with the Tellico Area Service System (“TASS”), under which TASS will treat the City’s sewage. Mayor Lawhorn indicated that TASS has more than enough capacity to treat the City’s current sewage needs and any future growth.

In response to questions from Member Redwine, Mayor Lawhorn indicated that TASS is overseeing all pre-treatment of the sewage and that the City will not charge differing rates for customers outside the City versus those in customers inside the City.

Member Hampton raised concerns regarding the City borrowing money for the sewer system. In response, Mayor Lawhorn confirmed that the City has the funds to support the debt that the City will incur in developing the sewer system and also confirmed that the debt is secured by a property tax pledge.

Member Heidel inquired whether the City’s two proposed operators have obtained a collections license and whether the City has looked at obtaining appropriate equipment. Mayor Lawhorn assured the Board that by the time the system “goes live,” the City will have two operators on staff with a collections license. Because TASS will treat the sewer, it is working with the City to ensure that the City’s processes are proper, including assistance regarding equipment and maintenance.

Given that the cost of the system would eventually be allocated to residents of the City, including those who may not wish to connect to the sewer system, Chairman Knotts raised concerns regarding the public’s awareness and support of a new sewer system. Mayor Lawhorn responded that news regarding the new system has been in the local paper at least a dozen times and that the City had advertised at City Hall. He stated that although some citizens had expressed negative sentiments regarding the system, approximately 90% of the feedback that the City has received from its citizens has been positive.

At the request of Chairman Knotts, Counsel and Staff notified the City that the sewer system was required to remain financially self-supporting, and in the event it becomes financially distressed, the Board would have the authority to take corrective action, typically in the form of a rate increase.

Staff stated that the City had been notified that it will have to determine how to replace revenue from the school system after the initial five-year period. The Mayor assured the Board that he and the City are aware of the need to replace revenue from the school system after the initial five-year period. He provided that other grants and monies will become available to the system after it is developed. In addition, the Mayor indicated that a local church has pledged \$30,000 to extend the sewer line so that the church can build a school. The neighboring Town of Louisville has also approached the City about extending the system to the Town. The Mayor assured the Board that the sewer system's "revenue is going to way outpace the expense."

Mr. Redwine moved to approve the sewer system. Mr. Hampton seconded the motion which passed with the following roll call vote:

Mr. Adams- Yes
Mr. Goodman- Yes
Mr. Graham- Yes
Mr. Hampton- Yes
Mr. Heidel- Yes
Mr. Newman- Yes
Mr. Redwine- Yes
Vice-Chair Moss- Yes
Chairman Knotts- Yes

Adjournment

Chairman Knotts adjourned the meeting at 10:31 am.



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Entity Referred: **Town of Alamo**
Referral Reason: **Negative Change in Net Position**
Utility Type Referred: **Water and Sewer**

Staff Summary:

The Town was referred to the Board for financial distress on January 4, 2017. The Town has complied with all Board directives and is no longer experiencing financial distress.

The Mayor has submitted two letters on behalf of the town that can be found on the following pages.

Staff Recommendation

Order the following:

1. The Town is officially released from the Board's oversight.
2. Staff and Counsel shall close the case.

From: [John Avery Emison](#)
To: [John Greer](#)
Cc: [Rita Reasons](#); [Randy Camp](#)
Subject: Request to Release Alamo, Tennessee from "financial distress" list
Date: Tuesday, August 25, 2020 2:49:58 PM

TOWN OF

ALAMO

SMALL TOWN, BIG HEART

97 S. JOHNSON STREET - ALAMO, TENNESSEE 38001

PHONE 731-696-4515 - FAX 731-696-4045

August 25, 2020

John Greer, CPA

Water & Wastewater Financing Board

Cordell Hull Building

425 Fifth Avenue

Nashville, Tennessee 37243

**RE: Request for Release of Alamo, Tennessee Water/Sewer Fund from
“Financial Distress” at your August 27, 2020 meeting**

Dear Mr. Greer:

This letter is a request for the official release of the Town of Alamo water/sewer fund from the category of “financial distress” by the Water & Wastewater Financing Board (WWFB). The basis for this request is that Alamo fund has remedied the financial distress condition and has reached a condition of sustainable financial health.

As we reported to you last year and earlier this year, during my first 18 months in office the Alamo Board of Mayor and **Aldermen raised water/sewer rates and fees by an effective rate of 58-percent**. This was painful and unpopular but it had to be done. As both TAUD and MTAS recommended, we began charging water usage on the first gallon of water used, eliminating the first 2,000 gallons that was previously part of the base fee. Additionally, we have accomplished the following:

- In the first month I took office in 2017 we eliminated improper credits that had been applied for years to the water/sewer bills of several retired firemen and other city

employees (including my predecessor in office).

- We enacted each and every policy that your office recommended as resolutions and/or Ordinances, and we applied them rigorously.
- We reduced the cost of maintenance of our three water tanks by approximately 10-percent per year by simply asking for a quote from potential competitors.
- For the first time ever, Alamo adopted a 10-year capital plan for our water/sewer systems.
- We applied for and received a \$404,000 CDBG grant to upgrade our water plant, eliminating two significant vulnerabilities, namely the lack of an emergency backup generator and a second, redundant air-stripping tower.
- We worked with TDEC and EPA to complete EPA's thirty-something-year-long study of SVOCs in the groundwater of our public water supply, resulting in the issuance of a interim Record of Decision (ROD). The ROD adopted an alternative that we supported because it would not place additional cost on our ratepayers, at the same time ensuring clean water for the public.
- We support TDEC's effort to gain the consent of EPA to reimburse the Alamo water/sewer fund the full amount of our CDBG match (approx. \$40,000) because the second air stripper was part of their ROD.
- We have sustained our financial improvement by raising rates and fees by an effective 3-percent each of the past two years and I intend to recommend some sort of increase every year.
- We have understudy employees at both our water and sewer plants who will sit for their operator license tests once TDEC resumes testing.
- We assigned approximately \$60,000 of the Governor's grant money to our water/sewer fund in order to conduct smoke testing and video inspection of our sewer mains.
- We have conducted a competitive bidding process for the smoke and video inspection, see immediately above, that will cost significantly less than what we originally planned.
- We have submitted a CDBG grant of nearly a half million dollars to upgrade our sewer plant and sewer mains and manholes. The decision is due any day and we have a "plan B" if the grant is not funded.
- We changed out some old systems at our sewer plant to operate on a flow-proportional basis, resulting in dramatically less water usage.
- We conducted a water meter replacement campaign resulting in additional water sales.
- All members of the Alamo Board of Mayor and Aldermen are current in training

requirements.

These activities as well as good old-fashioned supervision have yielded predictable results. As you can see from the table below, our revenue has steadily climbed and our operating expenses have actually declined.

	2017	2018	2019	2020*
Revenue	590,169	804,807	991,210	1,032,635
Expenses	750,144	817,032	785,625	725,907
Income (loss)	(159,975)	(12,225)	205,585	306,728

*Unaudited (Does not include CDGB grant or CDBG expenses and equipment).

I hope you will agree that the term “financial distress” no longer applies to the Alamo water/sewer fund. We are on sound financial footing. Our small annual increase in fees are barely noticed by the public, but it keeps us on a sound financial course.

You will recall that I was elected the Saturday before Alamo was on the WWFB agenda in May of 2017. I inherited a mess. My predecessor withheld from the public and even the Aldermen that such a meeting was scheduled. I did not know until Monday of the week of the meeting.

I see that the WWFB has a meeting scheduled Aug. 27. It does not appear that Alamo is on that agenda. I ask that you put the release of Alamo on that agenda and let us continue to do the work that we have set our hands to.

Kindest regards,

John Avery Emison, Ph.D.

Mayor
731-345-1350

From: [John Avery Emison](#)
To: [John Greer](#)
Subject: Re: Request to Release Alamo, Tennessee from "financial distress" list
Date: Thursday, October 15, 2020 3:55:15 PM
Attachments: [image001.png](#)

TOWN OF

ALAMO

Small Town, Big Heart

97 S. JOHNSON STREET - ALAMO, TENNESSEE 38001

PHONE 731-696-4515 - FAX 731-696-4045

Mr. Greer:

I wish to inform you about some additional good news with Alamo's proprietary water/sewer fund. We have been awarded a \$464K CDBG grant (plus our match) for improvements to our sewer plant and upgrading sewer lines. I don't know what other municipal utilities are doing, but we have identified certain Covid-related expenses that we believe qualify for reimbursement under Gov. Lee's program that will return funds to our water/sewer fund. We have worked very hard and continue to look for ways to better serve our customers, to conserve our financial resources, and to secure the financial well-being of our utility fund for the long haul.

I certainly hope you agree that Alamo should be released from the category of "financial distress" at your Nov. 19 meeting.

Kindest regards,
John Avery Emison, Ph.D.
Mayor of Alamo

On Wednesday, September 2, 2020, 11:43:45 AM CDT, John Greer <john.greer@cot.tn.gov> wrote:

Mayor,

Thank you for this request. We will review it and put it in front of the WWFB in November.

John Greer

Assistant Director

Comptroller of the Treasury

Division of Local Government Finance

425 Fifth Avenue North | Nashville, TN 37243

John.Greer@cot.tn.gov | Direct Line 615.401.7879 | Main Line 615.747.5260

Utilities@cot.tn.gov



Mission: To Make Government Work Better

From: John Avery Emison <johnaveryemison@yahoo.com>

Sent: Tuesday, August 25, 2020 2:50 PM

To: John Greer <John.Greer@cot.tn.gov>

Cc: Rita Reasons <rita.reasons@gmail.com>; Randy Camp <randy@campattorney.com>

Subject: Request to Release Alamo, Tennessee from "financial distress" list

TOWN OF

ALAMO

Small Town, Big Heart

97 S. JOHNSON STREET - ALAMO, TENNESSEE 38001

PHONE 731-696-4515 - FAX 731-696-4045

August 25, 2020

John Greer, CPA

Water & Wastewater Financing Board

Cordell Hull Building

425 Fifth Avenue

Nashville, Tennessee 37243

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Kindest regards,

John Avery Emison, Ph.D.

Mayor

731-345-1350



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Entity Referred: **Town of Atoka**
Referral Reason: **Negative Change in Net Position**
Utility Type Referred: **Water and Sewer**

Staff Summary:

The Town was referred to the Board for financial distress on February 28, 2020. The Town's financial questionnaire was returned timely and can be found in the accompanying pages.

The Town charges different connection, tap, service, and activation fees for inside and outside customers. Staff is unable to determine if this is justifiable.

Staff Recommendation

1. The Town 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. creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs;
 - c. a review of all water and sewer fees, including any recommended modifications;
 - d. a justification for the differing fee classes, or if no justification is possible, recommendations for an appropriate fee structure;
 - e. a justification for the differing tap fees, or if no justification is possible, recommendations for an appropriate tap fee structure; and
 - f. a review of the leak adjustment policy, including any recommended modifications.
2. By December 31, 2020, the Town shall send Board staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
3. By December 31, 2020, the Town shall send Board staff proof that all members of the utility system's governing body have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
4. By April 1, 2021, the Town 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 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 Town.



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Monday, June 29, 2020

Town of Atoka
Mayor W. Daryl Walker
334 Atoka Munford Avenue
Atoka, TN 38004

Dear Mayor Walker,

The Tennessee Comptroller of the Treasury has referred the Town of Atoka to the Water & Wastewater Financing Board (hereinafter "Board") for financial distress pursuant to Tennessee Code Annotated § 68-221-1010(a).

Please fill out the enclosed questionnaire and return it and all supporting documentation to our office no later than September 20, 2020. Please submit this to either utilities@cot.tn.gov and/or the following mailing address:

TN Comptroller of the Treasury
Attention: John Greer/Ross Colona
Cordell Hull Building
425 Fifth Avenue North
Nashville, TN 37243

If you wish to submit this information via mail, **do not send stapled documents.**

While we recognize that this questionnaire may be difficult to fill out, it is necessary to determine how we can help you achieve long-term financial success. If you are having trouble filling this out, please contact our office for additional assistance. After we receive your information, we will decide whether it is necessary for the Town to meet with our staff or go directly before the Board.

If you need further assistance or have any questions, please feel free to contact us at (615) 747-5260 or utilities@cot.tn.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "John Greer".

John Greer
Assistant Director

Ross Colona
Ross Colona
Financial Analyst

WWFB Financial Questionnaire

The following questionnaire is composed of three sections- a contact information section, a water utility information section, and a wastewater utility information section. If you do not have a water utility, then the corresponding section does not need to be filled out. If you do not have a wastewater utility, then the corresponding section does not need to be filled out.

If you are a utility that has both a water system and a wastewater system, then you may find that some of these questions are redundant in both sections. If this is the case, you do not need to provide duplicate information. It is okay to indicate that the answer is the same in both sections.

The questions will be answered as follows:

- a. Yes or No (circle your answer),
- b. Short answer; or
- c. Provide a response as an attachment to this questionnaire.

You will find a list at the end of Section B and Section C that will detail the manner in which attachments should be sent in.

Section A: Contact Information

Please provide contact information for the utility by responding to the fields below.

Utility Address Information	
Utility Contact Address Line 1:	334 Atoka Munford Avenue
Utility Contact Address Line 2:	
Utility Contact Address City:	Atoka
Utility Contact Address State:	Tennessee
Utility Contact Address Zip Code:	38004
Contact Person 1 Information	
Contact Person 1 Title:	Town Administrator
Contact Person 1 Name:	Marc Woerner
Contact Person 1 Email Address:	mwoerner@townofatoka.com
Contact Person 1 Phone Number:	901-837-5307
Contact Person 2 Information	
Contact Person 2 Title:	City Recorder
Contact Person 2 Name:	Debbie Pickard
Contact Person 2 Email Address:	dpickard@townofatoka.com
Contact Person 2 Phone Number	901-837-5305

Section B: Water Utility Information

1. Does your utility offer water?
 - a. If yes, please complete the following section. If no, please proceed to Section C: Wastewater Utility Information.
2. Have you had any rate changes in the previous five years?
 Yes or No (Circle your answer)
 - a. Please provide a copy of your current rate ordinance/structure and the justification for why the rates are set this way- including any recent rate studies performed for the utility. **Attachment #1**
 - b. Please provide a copy of previous rate ordinances/structures from the previous five years if you answered yes to Question #2. **Attachment #2**
 - c. If you have differing rate classes (inside/outside city limits, residential/commercial/industrial, new developments, etc.), please provide justification as to why these rates are set the way they are.
3. Do you have any current plans for a rate change?
Yes or No (Circle your answer)
 - a. If yes, please provide a written answer to the following questions:
 - i. Are you planning for a rate increase or decrease?
 - ii. Are you planning this change across all customer classes or only on a certain customer class?
 - iii. Has your Board voted on this rate change yet?
 - iv. If your Board has discussed a rate change at recent meetings, please attach a copy of the relevant minutes at which this meeting took place.
4. Have you had any utility fee changes in the previous five years?
Yes or No (Circle your answer)
 - a. Please provide a copy of your current utility fee schedule.
 - b. Please provide a copy of previous utility fee schedules if you answered yes to Question #3.
 - c. Please provide a written rationale for the charges for tap fees, reconnect fees, etc.
5. Has your debt management policy been reviewed in the last 5 years?
 Yes or No (Circle your answer)
 - a. Please provide a copy of your debt management policy. If you do not have a debt management policy, please provide a written rationale for why a debt management policy has not been adopted. **Attachment #3**
6. Has your capitalization policy been reviewed in the last 5 years?
 Yes or No (Circle your answer)
 - a. Please provide a copy of your capitalization policy. If you do not have a capitalization policy, please provide a written rationale for why a capitalization policy has not been adopted. **Attachment #4**

7. Please provide the most recent 3 months of balance sheets and income statements for your water fund.
- If you are a water and wastewater utility and are having difficulty breaking out the accounts, please use percentages or estimate for accounts for the most accurate depiction of the financial status of the utility. **Attachment #5**
8. Do you have a plan to remedy your financially distressed position for your water fund?
 Yes or No (Circle your answer)
- If yes, please provide a detailed copy. **Attachment #6**
 - If no, please provide a justification for why not.
9. Who has the authority to set rates and fees?

Answer: **Board of Mayor and Alderman**

-
- a. Is this a board or committee separate from your local legislative body? (City Council, Board of Mayor and Alderman, etc.)
 Yes or No (Circle your answer)
- b. Please provide a list containing the following information for the aforementioned individuals: **Attachment #7**
- Name
 - Title
 - Mailing Address
 - Phone Number
 - Date of Initial Election or Appointment
 - Have they fulfilled their initial 12 hour training requirement within the first year of service, if applicable? Yes or No
 - If so, please provide proof that the training requirement has been satisfied.
10. How many total customers do you currently have?

Answer: **2,819**

-
- a. Please provide a numerical break-down of the totals for each type of customer:
- Billed: **2819**
 - Unbilled: **0**
 - Metered: **2819**
 - Unmetered: **0**
 - Breakdown by Rate Class (inside, outside, inside residential, inside commercial, outside residential, outside commercial, etc.) **All meters are at the same rate.**
11. What percentage of your sales do your largest 10 customers account for annually?
(Largest 10 Customer Sales Total / Total Annual Water Sales)

Answer: **4%**

-
12. What percentage of your volume do you largest 10 customers account for annually?
(Gallons of Water sold to Largest 10 Customers / Total Gallons of Water Sold)

Answer: **4%**

-
13. Do you have a leak adjustment policy?

Yes or No (Circle your answer) **Attachment #8**

- a. If yes, how many leak adjustments were performed based on your leak adjustment policy in the last 12 months? What is the cost associated with these leaks?

Answer: **49 total; Cost=\$6,701.17**

- b. If yes, please attach a copy of your leak adjustment policy.
c. If no, please move on to the next question.

14. Have you incurred any new debt during the current fiscal year for your water utility, or do you plan on incurring any debt during the current fiscal year for your water utility?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding the debt.
b. If no, please move on to the next question.

15. Have you received any grants or capital contributions during the current fiscal year for your water utility, or do you plan on receiving any grants or capital contributions during the current fiscal year for your water utility?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding these grants or capital contributions.
b. If no, please move on to the following question.

16. Have you applied for any grants that will be received over the next two years?

Yes or No (Circle your answer) **Attachment #9**

- a. If yes, please provide a detailed explanation regarding these potential grants.
b. If no, please move on to the following question.

17. Are your customers made aware of the rates and fees you have in place annually?

Yes or No (Circle your answer)

- a. If yes, how is this accomplished? **Attachment #10**
Located on the Town Website, Social Media, & Mailer
b. If no, please provide a written justification as to why not.

18. Do you review your capital asset list?

Yes or No (Circle your answer)

- a. If yes, how often is this list reviewed and by whom? **Annually by the auditor.**
b. If no, please provide a written justification as to why not.
c. Please provide a copy of your capital asset plan, or a justification as to why you do not have one. **See #19**

19. Do you keep a copy of your capital asset list on file? **Attachment #11**

Yes or No (Circle your answer)

20. Do you produce your own water supply?

Yes or No (Circle your answer)

- a. If yes, what is the cost per thousand gallons to produce?

Answer:

- b. If no, please move on to the next question.

21. Do you purchase your water supply? **Yes**

- a. If yes, please provide the following:
 - i. List of entities water is purchased from
Munford & Poplar Grove
 - ii. Rates at which water is purchased at
Munford: \$2.17 per 1000 gallons
Poplar Grove: \$2.25 per 1000 gallons
 - iii. Water purchase contract with these entities if no contract exists please give an explanation as to why there is no contract. **Attachment #12**
 - b. If no, please move on to the following question.
22. Do you have any wholesale customers?
- Yes or No (Circle your answer)
- a. If yes, please provide the contract(s) with these customer(s) or a detailed explanation as to why a contract does not exist and the rate at which water is sold to this customer.
 - b. If no, please move on to the following question.
23. Do you have a plan to improve your non-revenue water percentage?
- Yes or No (Circle your answer)
- a. If yes, please provide a detailed explanation as to how this will be improved along with your current non- revenue water percentages by cost and by volume.
 - b. If no, please provide a detailed justification as to why the current non-revenue water percentage does not need to be improved along with your current non-revenue water percentages by cost and by volume. **Attachment # 13**
24. Are there any environmental concerns currently or forthcoming that will put a financial burden on the system?
- Yes or No (Circle your answer)
- a. If yes, please provide a detailed explanation as to what the concern or issue is and the extent of the financial burden that will be incurred.
 - b. If no, please move on to the next question.
25. In regard to your governing body, how frequently do you meet and what is your practice of providing notice of your meetings?

Answer: **Monthly on the 2nd Tuesday of the Month. It is posted at Town Hall, Website, & Social Media**

Water Attachment List

The previous questions asked for several written explanations and attachments. Below you will find a list of the necessary attachments for questions depending on the answers provided. Please attach the following documents in the order listed with the Water Attachment Number at the top of the corresponding document. You may find that due to some of your answers you may not need to provide an attachment as listed; that is acceptable. **Please do not send in any stapled documents.**

Water Attachment Number, Question Number Asking for Document	Requested Document
Attachment Number: 1 Question Number: Section B, Question #2	Current Rate Ordinance/Structure and Justification
Attachment Number: 2 Question Number: Section B, Question #2	Previous Rate Structure/Ordinance
Attachment Number: N/A Question Number: Section B, Question #3	Rate Change Information
Attachment Number: N/A Question Number: Section B, Question #4	Current Utility Fee Schedule
Attachment Number: N/A Question Number: Section B, Question #4	Previous Utility Fee Schedules
Attachment Number: N/A Question Number: Section B, Question #4	Written Rationale for Utility Fee Justification
Attachment Number: 3 Question Number: Section B, Question #5	Debt Management Policy; or Justification for lack thereof
Attachment Number: 4 Question Number: Section B, Question #6	Capitalization Policy; or Justification for lack thereof
Attachment Number: 5 Question Number: Section B, Question #7	Financial Statements
Attachment Number: 6 Question Number: Section B Question #8	Financial Distress Remedy Plan; or Justification for lack thereof
Attachment Number: 7 Question Number: Section B, Question #9	Board Training Information
Attachment Number: See Question Question Number: Section B, Question #10	Customer Count Breakdown

Attachment Number: 8 Question Number: Section B, Question #13	Leak Adjustment Policy
Attachment Number: N/A Question Number: Section B, Question #14	Debt Response
Attachment Number: N/A Question Number: Section B, Question #15	Grants/Contributions Response
Attachment Number: 9 Question Number: Section B, Question #16	Future Grants Response
Attachment Number: 10 Question Number: Section B, Question #17	Customer Rate Awareness Response
Attachment Number: 11 Question Number: Section B, Question #19	Capital Asset List Review Response
Attachment Number: 12 Question Number: Section B, Question #21	Water Purchase Information
Attachment Number: N/A Question Number: Section B, Question #22	Wholesale Customer Information
Attachment Number: 13 Question Number: Section B, Question #23	Non-Revenue Water Response
Attachment Number: N/A Question Number: Section B, Question #24	Environmental Concerns Response

ORDINANCE NUMBER 20-05-01

AN ORDINANCE TO AMEND TITLE 18 CHAPTER 4 SECTION 403 OF THE ATOKA MUNICIPAL CODE RELATED TO WATER AND SEWER SERVICE RATES.

WHEREAS, the Title 18 Chapter 4 Section 403 of the Atoka Municipal Code of Ordinances sets the various fees for water and sewer service provided by the Town of Atoka; and

WHEREAS, the Town seeks to charge fair and reasonable fees for water and sewer services provided by the Town; and

WHEREAS, the Town must, from time to time, evaluate its water and sewer rate structure to maintain the financial integrity of the system.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE TOWN OF ATOKA, THAT:

SECTION 1. Title 18 Chapter 4 Section 403 (1) of the Atoka Municipal Code is amended to read as follows.

(1) Water Rates. The following rates and fees shall be charged to water customers:

Minimum (includes first 1,000 gallons)	\$ 10.00
Each additional one thousand gallons	\$ 3.85

SECTION 2. Title 18 Chapter 4 Section 403 (2) of the Atoka Municipal Code is amended to read as follows.

(2) Sewer Rates. The following rates and fees shall be charged to water customers:

		Meter Size
Minimum	\$ 6.88	5/8 to 3/4 inch
Minimum	\$ 8.74	1 inch
Minimum	\$ 17.03	1-1/2 inch
Minimum	\$ 22.56	2 inch
Minimum	\$ 36.81	3 inch
Each additional one thousand gallons	\$ 4.75	
<i>Grease tank pumping</i>	\$ 50.00	

SECTION 3. Title 18 Chapter 4 Section 403 (3) of the Atoka Municipal Code is amended to read as follows.

(3) Connection / tap fees. The following fees shall be charged to customers for tapping onto the Town's water or sewer lines. These fees shall include all materials and labor for the Town to complete the connection.

	Inside Atoka	Outside Atoka
Primary Water Connection	\$ 700.00	\$ 850.00
Sewer Connection	\$ 600.00	\$ 600.00
Auxiliary Water Connection	\$ 400.00	\$ 550.00
Grinder Pump Installation	\$ 2,800.00	\$ 2,800.00
<i>Water Service Relocation using Existing Meter</i>	\$ 400.00	\$ 550.00

SECTION 4. Title 18 Chapter 4 Section 403 (4) of the Atoka Municipal Code is amended to read as follows.

(4) Account activation/relocation fee. The following fees shall be charged to customers requesting a new service, a name change on an existing service, or a relocation of service:

	Inside Atoka	Outside Atoka
Water Connection – Property Owner	\$ 35.00	\$ 60.00
Sewer Connection – Property Owner	\$ 40.00	\$ 70.00
Water Connection – Property Renter	\$ 60.00	\$ 60.00
Sewer Connection – Property Renter	\$ 50.00	\$ 50.00

SECTION 5. Title 18 Chapter 4 Section 403 (5) of the Atoka Municipal Code is amended to read as follows.

(5) Penalties and service fees. The following fees shall be charged to customers as defined:

Late payment penalty	10% of bill due
Fee to restore service during business hours	\$ 25.00
Fee to activate service after business hours	\$ 40.00
Fee to restore service after business hours	\$ 85.00
Returned check fee	\$ 30.00

SECTION 6. No increases or refunds shall be applied to penalties incurred or services provided prior to the effective date of this Ordinance.

SECTION 7. This Ordinance shall become effective immediately upon its adoption, the public welfare requiring it.

PASSED at the First Reading by the Board of Mayor and Aldermen of the Town of Atoka, Tennessee on the 14th day of April, 2020.

PASSED at the Second Reading by the Board of Mayor and Aldermen of the Town of Atoka, Tennessee on the 12th day of May, 2020.


W. Daryl Walker, Mayor

ATTEST:



Town Recorder

ORDINANCE NUMBER 17-06-03

AN ORDINANCE TO AMEND TITLE 18 CHAPTER 4 SECTION 403 OF THE ATOKA MUNICIPAL CODE RELATED TO WATER AND SEWER SERVICE RATES.

WHEREAS, the Title 18 Chapter 4 Section 403 of the Atoka Municipal Code of Ordinances sets the various fees for water and sewer service provided by the Town of Atoka; and

WHEREAS, the Town seeks to charge fair and reasonable fees for water and sewer services provided by the Town; and

WHEREAS, the Town must, from time to time, evaluate its water and sewer rate structure to maintain the financial integrity of the system.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE TOWN OF ATOKA, THAT:

SECTION 1. Title 18 Chapter 4 Section 403 (1) of the Atoka Municipal Code is amended to read as follows.

(1) Water Rates. The following rates and fees shall be charged to water customers:

	Inside Atoka	Outside Atoka
Minimum (includes first 1,000 gallons)	\$ 10.00	\$ 12.88
Each additional one thousand gallons	\$ 3.85	\$ 5.17

SECTION 2. Title 18 Chapter 4 Section 403 (2) of the Atoka Municipal Code is amended to read as follows.

(2) Sewer Rates. The following rates and fees shall be charged to water customers:

	Inside Atoka	Outside Atoka
Minimum	\$ 6.88	\$ 8.91
Each additional one thousand gallons	\$ 3.50	\$ 3.50
<i>Grease tank pumping</i>	\$ 50.00	

SECTION 3. Title 18 Chapter 4 Section 403 (3) of the Atoka Municipal Code is amended to read as follows.

(3) Connection / tap fees. The following fees shall be charged to customers for tapping onto the Town's water or sewer lines. These fees shall include all materials and labor for the Town to complete the connection.

	Inside Atoka	Outside Atoka
Primary Water Connection	\$ 700.00	\$ 850.00
Sewer Connection	\$ 600.00	\$ 600.00
Auxiliary Water Connection	\$ 400.00	\$ 550.00
Grinder Pump Installation	\$ 2,800.00	\$ 2,800.00
<i>Water Service Relocation using Existing Meter</i>	\$ 400.00	\$ 550.00

SECTION 4. Title 18 Chapter 4 Section 403 (4) of the Atoka Municipal Code is amended to read as follows.

(4) Account activation/relocation fee. The following fees shall be charged to customers requesting a new service, a name change on an existing service, or a relocation of service:

	Inside Atoka	Outside Atoka
Water Connection – Property Owner	\$ 35.00	\$ 60.00
Sewer Connection – Property Owner	\$ 40.00	\$ 70.00
Water Connection – Property Renter	\$ 60.00	\$ 60.00
Sewer Connection – Property Renter	\$ 50.00	\$ 50.00

SECTION 5. Title 18 Chapter 4 Section 403 (5) of the Atoka Municipal Code is amended to read as follows.

(5) Penalties and service fees. The following fees shall be charged to customers as defined:

Late payment penalty	10% of bill due
Fee to restore service during business hours	\$ 25.00
Fee to activate service after business hours	\$ 40.00
Fee to restore service after business hours	\$ 85.00
Returned check fee	\$ 30.00

SECTION 6. No increases or refunds shall be applied to penalties incurred or services provided prior to the effective date of this Ordinance.

SECTION 7. This Ordinance shall become effective immediately upon its adoption, the public welfare requiring it.

PASSED at the First Reading by the Board of Mayor and Aldermen of the Town of Atoka, Tennessee on the 13th day of June, 2017.

PASSED at the Second Reading by the Board of Mayor and Aldermen of the Town of Atoka, Tennessee on the 27th day of June, 2017.

W. Daryl Walker, Mayor

ATTEST:

Town Recorder

ORDINANCE NUMBER 12-03-02

AN ORDINANCE TO AMEND TITLE 18 CHAPTER 4 SECTION 403 OF THE ATOKA MUNICIPAL CODE RELATED TO WATER AND SEWER SERVICE RATES.

WHEREAS, the Title 18 Chapter 4 Section 403 of the Atoka Municipal Code of Ordinances sets the various fees for water and sewer service provided by the Town of Atoka; and

WHEREAS, the Town seeks to charge fair and reasonable fees for water and sewer services provided by the Town; and

WHEREAS, in evaluating service fees charged by the Town, adjustments to those fees are warranted.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE TOWN OF ATOKA, THAT:

SECTION 1. Title 18 Chapter 4 Section 403 of the Atoka Municipal Code is amended to read as follows.

(1) Water rates. The following rates and fees shall be charged to water customers:

	Inside Atoka	Outside Atoka
Minimum (includes first 1,000 gallons)	\$ 10.00	\$ 12.88
Each additional one thousand gallons	\$ 3.50	\$ 4.70

(2) Sewer rates. The following rates shall be charged to sewer customers:

	Inside Atoka	Outside Atoka
Minimum monthly service charge	\$ 6.88	\$ 8.91
Each one thousand gallons	\$ 3.50	\$ 3.50

(3) Connection / tap fees. The following fees shall be charged to customers for tapping onto the Town's water or sewer lines. These fees shall include all materials and labor for the Town to complete the connection.

	Inside Atoka	Outside Atoka
Primary Water Connection	\$ 700.00	\$ 700.00
Sewer Connection	\$ 600.00	\$ 600.00
Auxiliary Water Connection	\$ 400.00	\$ 400.00

An auxiliary water connection may only be added to an account where a primary water connection is already in service.

(4) Account activation / relocation fee. The following fees shall be charged to customers requesting a new service, a name change on an existing service, or a relocation of service.

	Inside Atoka	Outside Atoka
Water Connection - Property Owner	\$ 25.00	\$ 50.00
Sewer Connection - Property Owner	\$ 30.00	\$ 40.00
Water Connection - Property Renter	\$ 50.00	\$ 50.00
Sewer Connection - Property Renter	\$ 40.00	\$ 40.00

(5) Penalties and service fees. The following fees shall be charged to customers as defined:

Late payment penalty	10 % of bill due
Fee to restore service during business hours	\$ 25.00
Fee to activate service after business hours	\$ 40.00
Fee to restore service after business hours	\$ 65.00
Returned check fee	\$ 30.00

(6) Damaged or destroyed equipment fees. The following replacement fees shall be charged to customers who destroy, disable or otherwise damage Town equipment.

Water meter box lock	\$ 10.00
Concrete meter box lid	\$ 20.00
Concrete meter box	\$ 50.00
Sewer tank riser	\$ 50.00
Sewer tank lid	\$ 100.00
Water meter	\$ 200.00

(7) Multi-unit buildings. Owners or renters of multi-unit buildings shall pay a water tap fee for each unit and shall have a separate water meter for each unit.

(8) Authority for fee adjustments, reductions, or eliminations. The Town Administrator has the authority to adjust, reduce, or eliminate water rates, sewer rates, penalties, service or equipment fees for extenuating customer circumstances.

SECTION 2. No increases or refunds shall be applied to penalties incurred or services provided prior to the effective date of this Ordinance.

SECTION 3. This Ordinance shall become effective on April 1, 2012, the public welfare requiring it.

PASSED at the First Reading by the Board of Mayor and Aldermen of the Town of Atoka, Tennessee on the 7th day of February, 2012.

PASSED at the Second Reading by the Board of Mayor and Aldermen of the Town of Atoka, Tennessee on the 6th day of March, 2012.

W. Daryl Walker, Mayor

ATTEST:

Town Recorder

ORDINANCE NUMBER 10-01-01

AN ORDINANCE TO AMEND TITLE 18 OF THE ATOKA MUNICIPAL CODE TO PROVIDE FOR THE RATES AND CHARGES FOR WATER SERVICE OF THE TOWN OF ATOKA.

WHEREAS, the costs of operating the Water system of the Town of Atoka continues to increase; and

WHEREAS, the water rates have not increased since December, 2007; and

WHEREAS, The Board of Mayor and Aldermen of the Town of Atoka finds it necessary to increase the rates and charges for the water system customers of the Town of Atoka;

NOW, THEREFORE BE IT ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE TOWN OF ATOKA, TENNESSEE, THAT,

Section 1. Water Rates: The following rates and fees shall be charged to water customers for the remainder of the 2010 calendar year:

	Inside Town	Outside Town
Minimum (includes first 1,500 gallons of water)	\$ 10.00	\$ 12.88
Per One Thousand Gallons of Water (after the first 1,500 gallons of water)	\$ 3.50	\$ 4.70
Water Connection Fee	\$700.00	\$700.00

Section 2. Water Rates: The following rates and fees shall be charged to water customers for the 2011 calendar year and each year thereafter until such time a rate change is necessary:

	Inside Town	Outside Town
Minimum (includes first 1,000 gallons of water)	\$ 10.00	\$ 12.88
Per One Thousand Gallons of Water (after the first 1,000 gallons of water)	\$ 3.50	\$ 4.70
Water Connection Fee	\$700.00	\$700.00

Section 3: Water Tap Fees: The following fees shall be charged to water customers to tap onto the main water line.

	Inside Town	Outside Town
	\$700.00	\$700.00

Section 4: Connection Fees: The following connection fees shall be charged to any water customer requesting a new service or requesting a name change on an existing service. This fee is not refundable.

	Inside Town	Outside Town
Property Owners	\$ 25.00	\$ 25.00
Property Renters	\$ 50.00	\$ 50.00

Section 5: Reconnection Fees: The following reconnection fees shall be charged to any water customer which has been disconnected due to nonpayment.

	Inside Town	Outside Town
	\$25.00	\$25.00

Section 6: Returned Check Fees: The following returned check fees shall be charged to any water customer.

	Inside Town	Outside Town
	\$30.00	\$30.00

Section 7. **Multi Unit Buildings:** Owners or renters of multi unit buildings shall pay a water tap fee for each unit and shall have a separate water meter for each unit. Multi unit buildings constructed prior to this Ordinance which do not have a separate water meter for each unit shall be required to pay a minimum water fee for each unit.

Section 8: **Authority for Fee Adjustments, Reductions, or Eliminations:** The Town Administrator has the authority to adjust, reduce, or eliminate water rates, connection fees, reconnection fees, and returned check fees for extenuating customer circumstances.

Section 9. **Effective Date:** The above rates shall become effective upon final passage, the public welfare requiring it.

Passed First Reading: _____

Passed Second Reading: _____

Charles L. Walker, Mayor

Attest:

Donna S. Billings, Recorder

TOWN OF ATOKA

Municipal Debt Policy

PURPOSE

The purpose of this debt policy is to establish a set of parameters by which debt obligations will be undertaken by the Town of Atoka, Tennessee. This policy reinforces the commitment of the Town and its officials to manage the financial affairs of the Town so as to minimize risk, avoid conflicts of interest and ensure transparency while still meeting the capital needs of the Town. A debt management policy signals to the public and the rating agencies that the Town is using a disciplined and defined approach to financing capital needs and fulfills the requirements of the State of Tennessee regarding the adoption of a debt management policy.

The goal of this policy is to assist decision makers in planning, issuing and managing debt obligations by providing clear direction as to the steps, substance and outcomes desired. In addition, greater stability over the long-term will be generated by the use of consistent guidelines in issuing debt.

DEFINITION OF DEBT

All obligations of the Town to repay, with or without interest, in installments and/or at a later date, some amount of money utilized for the purchase, construction, or operation of Town resources. This includes but is not limited to notes, bond issues, capital leases, and loans of any type - whether from an outside source such as a bank or from another internal fund.

Approval of Debt: Bond anticipation notes, capital outlay notes, grant anticipation notes, and tax and revenue anticipation notes will be submitted to the ~~State of Tennessee~~ Comptroller's Office and the Board of Aldermen prior to issuance or entering into the obligation. A plan for refunding debt issues will also be submitted to the Comptroller's Office prior to issuance. Capital or equipment leases may be entered into by the Board of Aldermen; however, details on the lease agreement will be forwarded to the Comptroller's Office on the specified form within 45 days.

TRANSPARENCY

- The Town shall comply with legal requirements for notice and for public meetings related to debt issuance.
- All notices shall be posted in the customary and required posting locations, including as required local newspapers, bulletin boards, and websites.
- All costs (including principal, interest, issuance, continuing, and one-time) shall be clearly presented and disclosed to the citizens, Board of Aldermen, and other stakeholders in a timely manner.
- The terms and life of each debt issue shall be clearly presented and disclosed to the citizens/members, Board of Aldermen, and other stakeholders in a timely manner.
- A debt service schedule outlining the rate of retirement for the principal amount shall be clearly presented and disclosed to the citizens/members, Board of Aldermen, and other stakeholders in a timely manner.

ROLE OF DEBT

- Long-term debt shall not be used to finance current operations. Long-term debt may be used for capital purchases or construction identified through the capital improvement, regional development, transportation, or master process or plan. Short-term debt may be used for certain projects and equipment financing as well as for operational borrowing; however, the Town will minimize the use of short-term cash flow borrowings by maintaining adequate working capital and close budget management.
- In accordance with Generally Accepted Accounting Principles and state law,
 1. The maturity of the underlying debt will not be more than the useful life of the assets purchased or built with the debt, not to exceed 30 years; however, an exception may be made with respect to federally sponsored loans, provided such an exception is consistent with law and accepted practices.
 2. Debt issued for operating expenses must be repaid within the same fiscal year of issuance or incurrence.

TYPES AND LIMITS OF DEBT

- The Town will seek to limit total outstanding debt obligations to no more than eight (8) percent of total assessed valuation, excluding overlapping debt, enterprise debt, and revenue debt.
- The limitation on total outstanding debt must be reviewed prior to the issuance of any new debt.
- The Town's total outstanding debt obligation will be monitored and reported to the Board of Aldermen as a part of the annual budget process. The Town Administrator shall monitor the maturities and terms and conditions of all obligations to ensure compliance. The Town Administrator shall also report to the Board of Aldermen any matter that adversely affects the credit or financial integrity of the Town.
- The Town is authorized to issue General Obligation bonds, Revenue bonds, TIFs, loans, notes and other debt allowed by law.
- The Town will seek to structure debt with level or declining debt service payments over the life of each individual bond issue or loan.
- As a rule, the Town will not backload, use "wrap-around" techniques, balloon payments or other exotic formats to pursue the financing of projects. When refunding opportunities, natural disasters, other non-general fund revenues, or other external factors occur, the Town may utilize non-level debt methods. However, the use of such methods must be thoroughly discussed in a public meeting and the Board of Aldermen must determine such use is justified and in the best interest of the Town.
- The Town may use capital leases to finance short-term projects.
- Bonds backed with a general obligations pledge often have lower interest rates than revenue bonds. The Town may use its General Obligation pledge with revenue bond issues when the populations served by the revenue bond projects overlap or significantly are the same as the property tax base of the Town. The Board of Aldermen and management are committed to maintaining rates and fee structures of revenue supported debt at levels that will not require a subsidy from the Town's General Fund.

Use of variable rate debt

- The Town recognizes the value of variable rate debt obligations and that cities have greatly benefitted from the use of variable rate debt in the financing of needed infrastructure and capital improvements.
- The Town also recognizes there are inherent risks associated with the use of variable rate debt and will implement steps to mitigate these risks; including:
 1. The Town will annually include in its budget an interest rate assumption for any outstanding variable rate debt that takes market fluctuations affecting the rate of interest into consideration.
 2. Prior to entering into any variable rate debt obligation that is backed by insurance and secured by a liquidity provider, the Board of Aldermen shall be informed of the potential affect on rates as well as any additional costs that might be incurred should the insurance fail.
 3. Prior to entering into any variable rate debt obligation that is backed by a letter of credit provider, the Board of Aldermen shall be informed of the potential affect on rates as well as any additional costs that might be incurred should the letter of credit fail.
 4. Prior to entering into any variable rate debt obligation, the Board of Aldermen will be informed of any terms, conditions, fees, or other costs associated with the prepayment of variable rate debt obligations.
 5. The Town shall consult with persons familiar with the arbitrage rules to determine applicability, legal responsibility, and potential consequences associated with any variable rate debt obligation.

Use of derivatives

- The Town chooses not to use derivative or other exotic financial structures in the management of the Town's debt portfolio.
- Prior to any reversal of this provision:
 1. A written management report outlining the potential benefits and consequences of utilizing these structures must be submitted to the Board of Aldermen; and
 2. The Board of Aldermen must adopt a specific amendment to this policy concerning the use of derivatives or interest rate agreements that complies with the State Funding Board Guidelines.

COSTS OF DEBT

- All costs associated with the initial issuance or incurrence of debt, management and repayment of debt (including interest, principal, and fees or charges) shall be disclosed prior to action by the Board of Aldermen in accordance with the notice requirements stated above.
- In cases of variable interest or non-specified costs, detailed explanation of the assumptions shall be provided along with the complete estimate of total costs anticipated to be incurred as part of the debt issue.
- Costs related to the repayment of debt, including liabilities for future years, shall be provided in context of the annual budgets from which such payments will be funded(i.e. General Obligations bonds in context of the General Fund, Revenue bonds in context of the dedicated revenue stream and related expenditures, loans and notes).

REFINANCING OUTSTANDING DEBT

- The Town will refund debt when it is in the best financial interest of the Town to do so, and the Town Administrator shall have the responsibility to analyze outstanding bond issues for refunding opportunities. The decision to refinance must be explicitly approved by the governing body, and all plans for current or advance refunding of debt must be in compliance with state laws and regulations.
- The Town Administrator will consider the following issues when analyzing possible refunding opportunities:
 1. Onerous Restrictions – Debt may be refinanced to eliminate onerous or restrictive covenants contained in existing debt documents, or to take advantage of changing financial conditions or interest rates.
 2. Restructuring for Economic Purposes – The Town will refund debt when it is in the best financial interest of the Town to do so. Such refunding may include restructuring to meet unanticipated revenue expectations, achieve cost savings, mitigate irregular debt service payments, or to release reserve funds. Current refunding opportunities may be considered by the Town Administrator if the refunding generates positive present value savings, and the Chief Financial Officer must establish a minimum present value savings threshold for any refinancing.
 3. Term of Refunding Issues – The Town will refund bonds within the term of the originally issued debt. However, the Town Administrator may consider maturity extension, when necessary to achieve a desired outcome, provided such extension is legally permissible. The Town Administrator may also consider shortening the term of the originally issued debt to realize greater savings. The remaining useful life of the financed facility and the concept of inter-generational equity should guide this decision.
 4. Escrow Structuring – The Town shall utilize the least costly securities available in structuring refunding escrows. Under no circumstances shall an underwriter, agent or financial advisor sell escrow securities to the Town from its own account.
 5. Arbitrage – The Town shall consult with persons familiar with the arbitrage rules to determine applicability, legal responsibility, and potential consequences associated with any refunding.

PROFESSIONAL SERVICES

The Town shall require all professionals engaged in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by both the Town and the lender or conduit issuer, if any. This includes “soft” costs or compensations in lieu of direct payments.

- Counsel:** The Town shall enter into an engagement letter agreement with each lawyer or law firm representing the Town in a debt transaction. No engagement letter is required for any lawyer who is an employee of the Town or lawyer or law firm which is under a general appointment or contract to serve as counsel to the Town. The Town does not need an engagement letter with counsel not representing the Town, such as underwriters’ counsel.
- Financial Advisor:** If the Town chooses to hire financial advisors, the Town shall enter into a written agreement with each person or firm serving as financial advisor for debt management and transactions.

- Whether in a competitive sale or negotiated sale, the financial advisor shall not be permitted to bid on, privately place or underwrite an issue for which they are or have been providing advisory services for the issuance or broker any other debt transactions for the Town.
- Underwriter: If there is an underwriter, the Town shall require the Underwriter to clearly identify itself in writing (e.g., in a response to a request for proposals or in promotional materials provided to an issuer) as an underwriter and not as a financial advisor from the earliest stages of its relationship with the Town with respect to that issue. The Underwriter must clarify its primary role as a purchaser of securities in an arm's-length commercial transaction and that it has financial and other interests that differ from those of the Entity. The Underwriter in a publicly offered, negotiated sale shall be required to provide pricing information both as to interest rates and to takedown per maturity to the Town in advance of the pricing of the debt.

CONFLICTS

- Professionals involved in a debt transaction hired or compensated by the Town shall be required to disclose to the Town existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, liquidity or credit enhancement provider, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow the Town to appreciate the significance of the relationships.
- Professionals who become involved in the debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform are not subject to this disclosure. No disclosure is required that would violate any rule or regulation of professional conduct.

REVIEW OF POLICY

This policy shall be reviewed annually by the Board of Aldermen with the approval of the annual budget. Any amendments shall be considered and approved in the same process as the initial adoption of this Policy, with opportunity for public input.

COMPLIANCE

The Town Administrator is responsible for ensuring compliance with this policy.

TCA References: TCA 7, Part 9 – Contracts, Leases, and Lease Purchase Agreements
TCA 9, Part 21 – Local Government Public Obligations Law

RESOLUTION NO. 17-06-06

A RESOLUTION MODIFYING THE ASSET CAPITALIZATION POLICY FOR THE TOWN OF ATOKA, TENNESSEE.

WHEREAS, the Town of Atoka has previously adopted a capitalization policy that governs the accounting practices related to equipment, land, buildings and other physical assets owned by the Town for the purposes of serving the public;

WHEREAS, the Town capitalizes certain assets to account for the portion of that equipment consumed on an annual basis during the anticipated service life of the asset; and

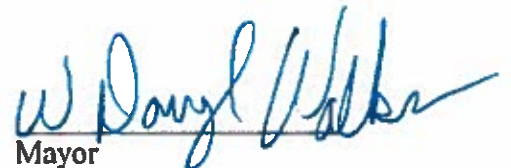
WHEREAS, the Town wishes to more accurately capture the value of the capital assets it has in service to the public.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE TOWN OF ATOKA, TENNESSEE as follows:

SECTION 1. The Board of Mayor and Aldermen of the Town of Atoka, Tennessee hereby establishes the asset capitalization threshold at \$2,500 per single item. All equipment, land, buildings or other physical assets acquired by the Town with a purchase price or value of \$2,500 or greater shall be capitalized for the purpose of net assets and depreciation. All other elements of the capitalization policy remain unchanged.

SECTION 2. This Resolution takes effect on July 1, 2017, the public welfare requiring it.

PASSED by the Board of Mayor and Aldermen of the Town of Atoka, Tennessee this 27th day of June 2017.


Mayor

ATTEST:


Town Recorder

Fund : 413 Water And Sewer

Account Number	Account Description	Balance
Assets		
413-11100-	Cash On Hand	2,000.00
413-11211-	WF 1st Citizen	2,098,737.45
413-11222-	Water Sinking Fund	3,068.10
413-11229-	BIS Online Deposits	(5,850.94)
413-11910-	Cash Over And Short	11.69
413-12110-	Certificate Of Deposits	486,821.56
413-13211-	Accounts Receivable	193,746.63
413-13221-	Accounts Receivable - Customers	2,048.78
413-13224-	Insurance recovery	0.00
413-13229-	Est Uncoll A/R	(653.47)
413-13611-	Due From General Fund	(20.01)
413-13614-	Due From Solid Waste Fund	1,690.44
413-14940-	Machinery And Equipment - Sewer	56,104.50
413-15800-	Net Pension asset	2,921.00
413-15900-	Deferred outflows pension	123,384.00
413-18133-	Structures And Improvements	348,846.95
413-18151-	Land	35,000.00
413-18162-	Distribution Mains	4,053,279.99
413-18243-	Structure & Improvement sewer plant	1,470,314.67
413-18253-	Sewer Lines	7,115,020.75
413-18282-	Store Equip, Tools, Shop, & Garage Equip	671,770.92
413-18297-	Allowance For Depreciation-General Plant	(5,388,386.00)
	Total Assets	11,269,857.01
	Total Assets and Deferred Outflows of Resources	11,269,857.01
Liabilities		
413-21120-	Accounts Payable	(124,084.37)
413-21170-	Payrolls Payable	(12,601.22)
413-21211-	Social Security Taxes Payable	(2,144.23)
413-21212-	Withholding Taxes Payable	(501.47)
413-21214-	Medicare Taxes Payable	(1,687.23)
413-21227-	LICOA	(10.16)
413-21231-	Bcbs / Cigna Health Ins	(6,830.88)
413-21232-	Vision Expanded	(27.85)
413-21233-	Dental Preferred	(135.39)
413-21411-	Due To General Fund	(1,406.52)
413-21521-	Due To State Dept Of Rev - Sales Taxes	(9,484.34)
413-21618-	REVOLVING LOAN ARRA	(1,389,152.80)
413-21810-	Accrued Interest Payable	(997.97)
413-21850-	Accrued Vacation Leave	(8,762.70)
413-21852-	Accrued Comp Time	(3,028.22)
413-21910-	Customer Deposits	(42,720.85)
413-22400-	Deferred inflows pension	(24,115.00)
413-23131-	Revenue Bonds Payable - No 1	(552,698.00)
413-23132-	Revenue Bonds Payable - No 2	(408,542.40)
413-27100-	Fund Balance - Unappropriated	(770,471.67)
413-28100-	Retained Earnings For Water System	(8,198,841.91)
	Total Liabilities	(11,558,245.18)

	Total Liabilities, Deferred Inflows of Resources, and Fund Bala	(11,558,245.18)
	Net Revenue\Expenditures	
		288,388.17
	Total Net Revenue\Expenditures	288,388.17
	Total	288,388.17
Fund Totals:	413	0.00

Fund : 413 Water And Sewer

Account Number	Account Description	Balance
Assets		
413-11100-	Cash On Hand	2,000.00
413-11211-	WF 1st Citizen	2,126,725.72
413-11222-	Water Sinking Fund	3,068.22
413-11229-	BIS Online Deposits	(8,175.29)
413-11910-	Cash Over And Short	11.69
413-12110-	Certificate Of Deposits	486,821.56
413-13211-	Accounts Receivable	210,595.44
413-13221-	Accounts Receivable - Customers	2,048.78
413-13224-	Insurance recovery	180,828.28
413-13229-	Est Uncoll A/R	(653.47)
413-13611-	Due From General Fund	(20.01)
413-13614-	Due From Solid Waste Fund	1,690.44
413-14940-	Machinery And Equipment - Sewer	45,274.00
413-15800-	Net Pension asset	53,049.00
413-15900-	Deferred outflows pension	68,415.00
413-18133-	Structures And Improvements	348,846.95
413-18151-	Land	35,000.00
413-18162-	Distribution Mains	4,053,279.99
413-18243-	Structure & Improvement sewer plant	1,470,314.67
413-18253-	Sewer Lines	7,115,020.75
413-18282-	Store Equip, Tools, Shop, & Garage Equip	619,304.23
413-18297-	Allowance For Depreciation-General Plant	(4,921,093.00)
	Total Assets	11,892,352.95
	Total Assets and Deferred Outflows of Resources	11,892,352.95
Liabilities		
413-21120-	Accounts Payable	(372,395.99)
413-21170-	Payrolls Payable	(10,639.01)
413-21211-	Social Security Taxes Payable	(2,144.23)
413-21212-	Withholding Taxes Payable	(501.47)
413-21214-	Medicare Taxes Payable	(1,687.23)
413-21227-	LICOA	(10.16)
413-21231-	Bcbs / Cigna Health Ins	(6,830.88)
413-21232-	Vision Expanded	(27.85)
413-21233-	Dental Preferred	(135.39)
413-21411-	Due To General Fund	(2,217.56)
413-21521-	Due To State Dept Of Rev - Sales Taxes	(10,292.29)
413-21618-	REVOLVING LOAN ARRA	(1,379,902.30)
413-21810-	Accrued Interest Payable	(997.97)
413-21850-	Accrued Vacation Leave	(6,919.73)
413-21852-	Accrued Comp Time	(5,013.45)
413-21910-	Customer Deposits	(42,720.85)
413-22400-	Deferred inflows pension	(26,580.00)
413-23131-	Revenue Bonds Payable - No 1	(552,698.00)
413-23132-	Revenue Bonds Payable - No 2	(408,541.11)
413-27100-	Fund Balance - Unappropriated	(812,300.17)
413-28100-	Retained Earnings For Water System	(8,198,841.91)
	Total Liabilities	(11,841,397.55)

	Total Liabilities, Deferred Inflows of Resources, and Fund Bala	(11,841,397.55)
	Net Revenue\Expenditures	
		(50,955.40)
	Total Net Revenue\Expenditures	(50,955.40)
	Total	(50,955.40)
Fund Totals:	413	0.00

Fund : 413 Water And Sewer

Account Number	Account Description	Balance
Assets		
413-11100-	Cash On Hand	2,000.00
413-11211-	WF 1st Citizen	2,260,180.25
413-11222-	Water Sinking Fund	3,068.22
413-11229-	BIS Online Deposits	(785.58)
413-11910-	Cash Over And Short	11.69
413-12110-	Certificate Of Deposits	486,821.56
413-13211-	Accounts Receivable	(21,036.97)
413-13221-	Accounts Receivable - Customers	2,048.78
413-13224-	Insurance recovery	180,828.28
413-13229-	Est Uncoll A/R	(653.47)
413-13611-	Due From General Fund	(20.01)
413-13614-	Due From Solid Waste Fund	1,690.44
413-14940-	Machinery And Equipment - Sewer	45,274.00
413-15800-	Net Pension asset	53,049.00
413-15900-	Deferred outflows pension	68,415.00
413-18133-	Structures And Improvements	348,846.95
413-18151-	Land	35,000.00
413-18162-	Distribution Mains	4,053,279.99
413-18243-	Structure & Improvement sewer plant	1,470,314.67
413-18253-	Sewer Lines	7,115,020.75
413-18282-	Store Equip, Tools, Shop, & Garage Equip	619,304.23
413-18297-	Allowance For Depreciation-General Plant	(4,921,093.00)
	Total Assets	11,801,564.78
	Total Assets and Deferred Outflows of Resources	11,801,564.78
Liabilities		
413-21120-	Accounts Payable	(372,395.99)
413-21170-	Payrolls Payable	(10,639.01)
413-21211-	Social Security Taxes Payable	(2,144.23)
413-21212-	Withholding Taxes Payable	(501.47)
413-21214-	Medicare Taxes Payable	(1,687.23)
413-21227-	LICOA	(10.16)
413-21231-	Bcbs / Cigna Health Ins	(6,830.88)
413-21232-	Vision Expanded	(27.85)
413-21233-	Dental Preferred	(135.39)
413-21411-	Due To General Fund	(48,626.46)
413-21521-	Due To State Dept Of Rev - Sales Taxes	(1,080.29)
413-21618-	REVOLVING LOAN ARRA	(1,370,651.80)
413-21810-	Accrued Interest Payable	(997.97)
413-21850-	Accrued Vacation Leave	(6,919.73)
413-21852-	Accrued Comp Time	(5,013.45)
413-21910-	Customer Deposits	(42,720.85)
413-22400-	Deferred inflows pension	(26,580.00)
413-23131-	Revenue Bonds Payable - No 1	(552,698.00)
413-23132-	Revenue Bonds Payable - No 2	(408,541.11)
413-27100-	Fund Balance - Unappropriated	(812,300.17)
413-28100-	Retained Earnings For Water System	(8,198,841.91)
	Total Liabilities	(11,869,343.95)

	Total	Liabilities, Deferred Inflows of Resources, and Fund Bala	(11,869,343.95)
		Net Revenue\Expenditures	
			67,758.54
	Total	Net Revenue\Expenditures	67,758.54
		Total	67,758.54
Fund Totals:	413		(20.63)

We took the total amount of funds spent on repair and maintenance of Water and Sewer and subtracted the water only expenses from it. This total came to \$8, 248.00. We then divided it by the total number of \$11, 218.00. This gave us the number of 74% for the repairs and maintenance.



February 10, 2020

The Town of Atoka contracted with MTAS for a water and sewer review. This report does not include a proposed water treatment plant along with capital improvement purchases provided by the Town of Atoka.

MTAS normally does not project past three years in a review. The Town of Atoka asked MTAS to project through June 30, 2025.

Assumptions used by MTAS:

- State Revolving Fund loans were based a 0.9%. Water loans was for 20 years and Sewer loans for 30 years.
- Depreciation based upon TN Comptroller guidelines.
- Revenue growth was 1.0 % per year from 2021 through 2025.
- Operational Expenses increase 3.0% per year from 2021 through 2025.
- The new rate format will be based upon meter size with no volumes included and a uniform cost per every 1,000 gallons used.
- There will be no inside or outside the city limit differential.
- There are more sewer customers than water.
- It appears that sewer volumes are roughly 15% higher than water volumes.
- Projected water and sewer volumes sold, based upon the volumes sold per the 2016, 2017 and 2018 audits.
- Water volumes sold in the projection for 2021 was 184,438,000 gallons.
- Sewer volumes charged in the projection for 2021 was 212,104,000 gallons.

Example A:

This spreadsheet contains audited data from 2016 through 2018, preliminary data for 2019 and projections for 2020 through 2025. Example A does not include any rate change through 2025. The Town of Atoka had a negative change in net position in 2016 and 2018. The MTAS preliminary data for 2019 and projections through 2025 show a negative change in net position in each year.

If a municipal utility has two consecutive years of negative change in net position, it will be placed under the authority of the Water and Wastewater Financing Board as a distressed utility.

Example B:

This spreadsheet contains all the information as Example A, but with a rates change effective July 1, 2020. The new rate structure does not differentiate between inside or outside the city limits. The monthly base bill amount is determined by meter size, the larger the meter, the greater the amount due to the possibility of greater flow through the meter. The base bill does not include any volumes. There is a uniform cost per 1,000 gallons. These new rates and the number of customers the projection is based upon is in green. The sewer rates are the most impacted by the rate change.

It appears in the projections that this will produce a positive change in net position through 2025. The positive change in net position decreases every year through 2025.

Example C:

This spreadsheet is a cash flow from operations from 2020 through 2025 for Example A. As shown the numbers in red would have to be funded from the fund reserves of the water and sewer department with no savings for those years. The enterprise fund would also not be fully funding depreciation.

Example D:

This spreadsheet is a cash flow from operations from 2020 through 2025 for Example B. The sheet illustrates that there would be money placed in the bank every year from operations after paying all expenses and debt payments. The enterprise fund would still not be fully funding depreciation.

Example E:

This spreadsheet shows the current rate structure and the proposed new rate structure.

MTAS suggestions:

- The Town of Atoka must raise rates. Example B is an example of one rate structure that could potentially correct the issue. There are other approaches which could produce positive
- MTAS suggests that the Town of Atoka adopt an annual cost of living increase for water and sewer rates the year after the proposed rates are adopted.
- The Town of Atoka needs to separate all expenses into either water or sewer.

Atoka Water and Wastewater Review

February 10, 2020

No Rate Change with only capital items

year ending June 30,

Example A

	Audit 2016	Audit 2017	Audit 2018	Pre 2019	Project 2020	Project 2021	Project 2022	Project 2023	Project 2024	Project 2025
Operating Revenues										
metered sales and service	1,720,962	1,818,752	1,816,109	991,056	982,542	992,367	1,002,291	1,012,314	1,022,437	1,032,661
water collections				12,020	12,360	12,190	12,190	12,190	12,190	12,190
water reconnection				13,755	19,500	16,628	16,628	16,628	16,628	16,628
water connection				35,700	25,200	30,450	30,450	30,450	30,450	30,450
water meter connection fee				6,000	3,200	4,600	4,600	4,600	4,600	4,600
line extension charge				902,339	888,008	896,888	905,857	914,916	924,065	933,305
sewer collections				14,235	17,890	16,063	16,063	16,063	16,063	16,063
sewer connection fee				106,200	119,200	112,700	112,700	112,700	112,700	112,700
sewer tap fee										
connection fees	55,020	81,075	85,890							
tap fees	11,600	66,600	88,200							
penalties	30,822	51,280	27,874	42,470	33,890	34,229	34,571	34,917	35,266	35,619
other income (Miscellaneous)	4,078	7,513	2,232	11,040	13,697	3,500	3,500	3,500	3,500	3,500
Total Operating Revenues	1,822,482	2,005,220	2,020,305	2,134,815	2,115,487	2,119,614	2,138,849	2,158,276	2,177,897	2,197,715
Operating Expenses										
salaries and wages	341,601	350,725	380,658							
fringes	107,348	108,076	125,892							
maintenance service and supplies	257,683	303,189	347,869							
water purchased	375,800	381,916	422,416							
sewer fees	167,215	179,805	168,553							
office supplies	71,771	52,891	135,843							
utilities	85,162	90,772	86,873							
insurance	29,055	24,106	38,641							
legal and professional services			58,257							
depreciation	393,483	402,523	400,849							
miscellaneous	33,551	38,629	45,153							
salaries regular				408,549	354,800	365,444	376,407	387,699	399,330	411,310
salaries sewer OT				25,846	28,019	28,860	29,726	30,617	31,536	32,482
salaries water OT				16,530	26,836	27,642	28,471	29,325	30,205	31,111
salaries street OT				64	0	0	0	0	0	0
Longevity bonus				2,413	2,640	2,719	2,801	2,885	2,971	3,060
OASI				32,693	29,985	30,884	31,811	32,765	33,748	34,760
Hospital and health insurance				82,572	76,357	78,648	81,007	83,437	85,940	88,519
retirement current				32,290	29,585	30,472	31,386	32,328	33,298	34,297
unemployment insurance				689	700	721	743	765	788	811
postage				12,467	10,954	11,283	11,621	11,970	12,329	12,699
printing				190	1,579	1,626	1,675	1,726	1,777	1,831
utility service				11,107	14,473	14,907	15,354	15,815	16,289	16,778
sewer pumps electric				92,131	97,180	100,095	103,098	106,191	109,377	112,658
sewer fees				116,844	166,790	171,794	176,947	182,256	187,724	193,355
other utility services				12,585	14,415	14,848	15,293	15,752	16,225	16,711
Professional services				65,219	27,059	27,871	28,707	29,569	30,456	31,369
Professional service legal				27	0	0	0	0	0	0
Professional service special project				3,500	3,605	3,713	3,825	3,939	4,057	4,176
IT web site				72	1,732	1,784	1,838	1,893	1,950	2,008
repair and maintenance				438,620	361,249	372,086	383,249	394,746	406,588	418,786
repair and maintenance buildings				488	0	0	0	0	0	0

sewer pump maintenance	91,423	78,180	80,525	82,941	85,429	87,992	90,632
Training and travel	4,658	12,441	12,814	13,199	13,595	14,003	14,423
credit fees and e commerce fees		20,132	20,736	21,358	21,999	22,659	23,338
other contractual services	30,282	41,221	42,458	43,732	45,044	46,395	47,787
contract services IT and web site (Is this credit card fees)	21,809	0	0	0	0	0	0
miscellaneous	2,628	4,584	4,721	4,863	5,009	5,159	5,314
office supplies and materials	10,312	6,709	6,910	7,118	7,331	7,551	7,778
operating supplies	194	2,000	2,060	2,122	2,185	2,251	2,319
uniforms and clothing	1,369	1,500	1,545	1,591	1,639	1,688	1,739
janitor	738	750	773	796	820	844	869
Gas and oil	15,677	24,581	25,319	26,078	26,860	27,666	28,496
motor vehicle parts and repair	4,393	12,785	13,169	13,564	13,971	14,390	14,821
equipment maintenance	7,137	3,611	3,719	3,831	3,946	4,064	4,186
water purchased for resale	531,718	507,311	522,530	538,206	554,352	570,983	588,112
insurance	45,467	0	0	0	0	0	0
asset management software (not in budget)	0	0	0	0	0	0	0
building and office rental	0	0	0	0	0	0	0
Distribution Improvements (480,000) Depreciation			7,429	7,429	7,429	7,429	7,429
Water Truck depreciation (\$52,000)				4,333	4,333	4,333	4,333
Water excavator depreciation (\$65,000)							18,750
New water tank depreciation(\$750,00)			5,000	5,000	5,000	5,000	5,000
Sewer heavy duty truck depreciation (\$75,000) Not in budget			1,667	1,667	1,667	1,667	1,667
Squires Grove sewer extension depreciation (SRF project 400,000)							10,000
Sewer letter depreciation (\$25,000)							5,500
Sewer pumps around town depreciation (SRF project 220,000)			40,000	40,000	40,000	40,000	40,000
New meter depreciation(\$600,000)			400,849	400,849	400,849	400,849	400,849
depreciation	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Total Operating Expenses	1,862,669	1,932,632	2,211,004	2,560,047	2,404,506	2,477,512	2,632,519
	(40,187)	72,588	(190,699)	(425,232)	(289,020)	(357,898)	(419,173)
Operating Gain (Loss)							(518,994)
							(474,244)
Nonoperating revenue (expenses)							
Insurance recovery	181,277		9,000	9,000	9,000	9,000	9,000
Interest Income	24,468	23,914	22,444	19,340	9,645	9,000	9,000
Interest expense	(38,183)	(43,273)	(46,234)	(38,423)	(36,127)	(33,784)	(23,823)
							(26,399)
Squires Grove sewer extension interest (SRF project \$400,000 at 0.9% for 30 years)							(3,282)
Sewer pumps around town interest (SRF project at 0.9% for 30 years \$220,000)							(1,805)
water tank interest expense							(6,750)
main street lift station interest expense							(2,279)
							(2,396)
Total Nonoperating revenue (expenses)	(13,715)	(19,359)	(23,790)	(19,083)	(24,784)	(30,584)	(28,339)
							(25,048)
Change in Net Position	(53,902)	53,229	(214,489)	(444,315)	(382,682)	(449,757)	(613,169)
							(544,042)

Atoka Water and Wastewater Review

February 10, 2020

New Rates effective July 1, 2020 with only capital items

year ending June 30,

Example B

	Audit 2016	Audit 2017	Audit 2018	Pre 2019	Project 2020	Project 2021	Project 2022	Project 2023	Project 2024	Project 2025
Operating Revenues										
metered sales and service	1,720,962	1,818,752	1,816,109							
water collections				991,056	982,542	12,190	12,190	12,190	12,190	12,190
water reconnection				12,020	12,360	16,628	16,628	16,628	16,628	16,628
water connection				13,755	19,500	30,450	30,450	30,450	30,450	30,450
water meter connection fee				35,700	25,200	4,600	4,600	4,600	4,600	4,600
line extension charge				6,000	3,200					
sewer collections				902,339	888,008	16,063	16,063	16,063	16,063	16,063
sewer connection fee				14,235	17,890	112,700	112,700	112,700	112,700	112,700
sewer tap fee				106,200	119,200					
water meter base fee with no volume, no inside or outside difference										
5/8 TO 3/4 INCH average of 2,790 customers per month										
1 INCH average of 47 customers per month										
1-1/2 INCH average of 2 customers per month										
2 INCH average of 19 customers per month										
3 INCH average of 2 customers per month										
water volume sales of gallons per year pm 184,438 M gallons										
sewer meter base fee with no volume, no inside or outside difference										
5/8 TO 3/4 INCH average of 3,290 customers per month										
1 INCH average of 47 customers per month										
1-1/2 INCH average of 2 customers per month										
2 INCH average of 19 customers per month										
3 INCH average of 2 customers per month										
sewer volume sales of gallons per year 212,104 M gallons										
connection fees	55,020	81,075	85,890							
tap fees	11,600	66,600	88,200							
penalties	30,822	31,280	27,874	42,470	33,890	34,229	34,571	34,917	35,266	35,619
other income (Miscellaneous)	4,078	7,513	2,232	11,040	13,697	3,500	3,500	3,500	3,500	3,500
Total Operating Revenues	1,822,482	2,005,220	2,020,305	2,134,815	2,115,487	2,776,565	2,802,369	2,828,432	2,854,755	2,881,341
Operating Expenses										
salaries and wages	341,601	350,725	380,658							
fringes	107,348	108,076	125,892							
maintenance service and supplies	257,683	303,189	347,869							
water purchased	375,800	381,916	422,416							
sewer fees	167,215	179,805	168,553							
office supplies	71,771	52,891	135,843							
utilities	85,162	90,772	86,873							
insurance	29,055	24,106	38,641							
legal and professional services			58,257							
depreciation	393,483	402,523	400,849							
miscellaneous	33,551	38,629	45,153							
salaries regular				408,545	354,800	365,444	376,407	387,699	399,330	411,310
salaries sewer OT				25,846	28,015	28,860	29,726	30,617	31,536	32,482
salaries water OT				16,530	26,836	27,642	28,471	29,325	30,205	31,111
salaries street OT				64	0					
Longevity bonus				2,413	2,640	2,719	2,801	2,885	2,971	3,060
OASI				32,693	29,985	30,884	31,811	32,765	33,748	34,760
Hospital and health insurance				82,572	76,357	81,007	83,437	85,940	88,519	91,177
retirement current				32,290	29,585	30,472	31,386	32,328	33,298	34,297
unemployment insurance				689	700	721	743	765	788	811
postage				12,467	10,954	11,283	11,621	11,970	12,329	12,699
printing				190	1,575	1,626	1,675	1,726	1,777	1,831

Atoka Water and Wastewater Review

February 10, 2020
without water plant

Example C

	Project 2020	Project 2021	Project 2022	Project 2023	Project 2024	Project 2025
Cash flow from operations from Example A (no rate change)						
Change in net position	(134,225)	(382,682)	(449,757)	(502,093)	(544,042)	(613,169)
Distribution improvements (480,000) depreciation plus depreciation				12,000	12,000	12,000
Water Truck depreciation (\$52,000)		7,429	7,429	7,429	7,429	7,429
Water excavator depreciation (\$65,000)			4,333	4,333	4,333	4,333
New water tank depreciation(\$750,00)						18,750
Sewer heavy duty truck depreciation (\$75,000) Not in budget		5,000	5,000	5,000	5,000	5,000
Squires Grove sewer extension depreciation (SRF project 400,000)		1,667	1,667	10,000	10,000	10,000
Sewer Jetter depreciation (\$25,000)			1,667	1,667	1,667	1,667
Sewer pumps around town depreciation (SRF project 220,000)			5,500	5,500	5,500	5,500
New meter depreciation(\$600,000)	40,000	40,000	40,000	40,000	40,000	40,000
Existing Depreciation	400,849	400,849	400,849	400,849	400,849	400,849
cash available from operations including depreciation	306,624	72,263	15,021	(15,315)	(57,264)	(107,641)
minus debt and cash payments						
Current debt on three existing loans	159,540	163,666	167,355	171,527	175,263	180,023
Squires Grove sewer extension (SRF project \$400,000 at 0.9% for 30 years)				11,674	11,779	11,885
Sewer pumps around town (SRF project at 0.9% for 30 years \$220,000)			6,421	6,479	6,537	6,596
water tank debt payment						34,395
main street lift station debt payment			7,568	7,682	7,797	7,914
Asset management software payment	12,000					
Water utility truck payment		52,000	65,000			
Excavator Water payment						
Sewer heavy duty truck payment	75,000					
New sewer jetter payment		25,000				
Total cash payments for year	246,540	240,666	246,344	197,362	201,376	240,813
Cash left from operations after payments	60,084	(168,403)	(231,323)	(212,677)	(258,640)	(348,454)

Amount in red would have to be paid from Savings.

Atoka Water and Wastewater Review

February 10, 2020
without water plant

Example D

Cash flow from operations from Example B (with rate change)

	Project 2020	Project 2021	Project 2022	Project 2023	Project 2024	Project 2025
Change in net position	(134,225)	274,269	213,763	168,063	132,815	70,457
Distribution improvements (480,000) depreciation plus depreciation				12,000	12,000	12,000
Water Truck depreciation (\$52,000)		7,429	7,429	7,429	7,429	7,429
Water excavator depreciation (\$65,000)			4,333	4,333	4,333	4,333
New water tank depreciation(\$750,00)		5,000	5,000	5,000	5,000	18,750
Sewer heavy duty truck depreciation (\$75,000) Not in budget				10,000	10,000	5,000
Squires Grove sewer extension depreciation (SRF project 400,000)		1,667	1,667	1,667	1,667	1,667
Sewer jetter depreciation (\$25,000)			5,500	5,500	5,500	5,500
Sewer pumps around town depreciation (SRF project 220,000)	40,000	40,000	40,000	40,000	40,000	40,000
New meter depreciation(\$600,000)	400,849	400,849	400,849	400,849	400,849	400,849
Existing Depreciation						
cash available from operations including depreciation	306,624	729,214	678,541	654,841	619,593	575,985
minus debt and cash payments						
Current debt on three existing loans	159,540	163,666	167,355	171,527	175,263	180,023
Squires Grove sewer extension (SRF project \$400,000 at 0.9% for 30 years)			6,421	6,479	6,537	11,885
Sewer pumps around town (SRF project at 0.9% for 30 years \$220,000)						6,596
water tank debt payment			7,568	7,682	7,797	34,395
main street lift station debt payment						7,914
Asset management software payment	12,000					
Water utility truck payment		52,000	65,000			
Excavator Water payment	75,000	25,000				
Sewer heavy duty truck payment						
New sewer jetter payment						
Total cash payments for year	246,540	240,666	246,344	197,362	201,376	240,813
Cash left from operations after payments	60,084	488,548	432,197	457,479	418,217	335,172

Walker Adams – Alderman, 260 Kearns Circle Atoka, TN 38004 PH:901-355-2454
Elected November 08, 2016. Alderman Adams has not completed the 12-hour training.

Barry Akin – Alderman, 44 W. Cherrybark Drive, Atoka, TN 38004 PH: 901-497-3901
Elected November 06,2018. Alderman Akin has completed the 12-hour training.

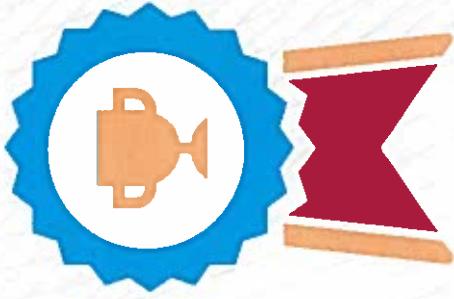
Gaetano Critelli Jr.– Alderman, 503 Beverly, Atoka TN 38004 PH:901-633-0292
Appointed April 09, 2019. Alderman Critelli has not completed the 12-hour training.

Daniel Feldmayer – Alderman, 95 Mabel Lane, Atoka TN 38004 PH: 901-487-1738
Elected November 06, 2018. Alderman Feldmayer has completed the 12-hour training.

Brett Giannini – Alderman, 94 Jeanette Cove Atoka, TN 38004 PH: 901-545-9623
Elected November 08, 2016. Alderman Giannini has not completed the 12-hour training.

John Harber – Alderman, 128 Beverly Atoka TN 38004 PH: 901-870-3485
Elected November 06, 2018. Alderman Harber has completed the 12-hour training.

W. Daryl Walker – Mayor, 1085 J E Blaydes, Atoka TN 38004 PH: 901-508-4638
Elected November 06, 2018. Mayor Walker has not completed the 12-hour training.



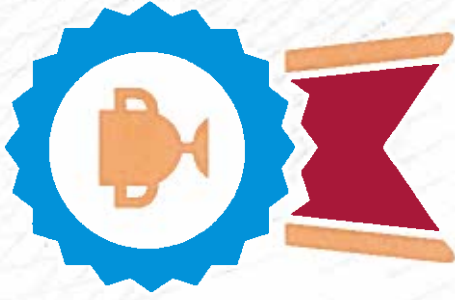
**TENNESSEE UTILITY BOARD TRAINING
FOR ELECTED OFFICIALS**

awarded to

John Harbor

*Completion of twelve (12) Hours of Utility Board Training
with John Greer, Technical Secretary to the Boards, Tennessee Comptroller of the Treasury*

Robert D. Tanner, City Administrator, Souverville John Greer, Utility Specialist



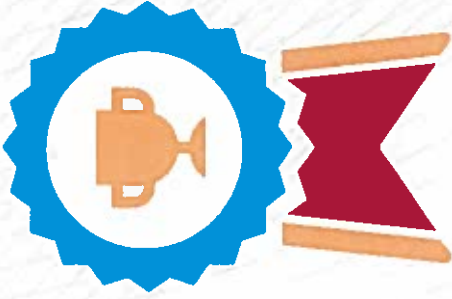
**TENNESSEE UTILITY BOARD TRAINING
FOR ELECTED OFFICIALS**

awarded to

Danny Feldmayer

Completion of six (6) Hours of Utility Board Training
with John Greer, Technical Secretary to the Boards, Tennessee Comptroller of the Treasury

Robert D. Turner, City Administrator, Savenville *John Greer, Utility Specialist*



TENNESSEE UTILITY BOARD TRAINING
FOR ELECTED OFFICIALS

awarded to

Barry Akin

Completion of six (6) Hours of Utility Board Training
with John Greer, Technical Secretary to the Boards, Tennessee Comptroller of the Treasury

Robert D. Turner, City Administrator Somerville John Greer, Utility Specialist

TOWN OF ATOKA

Water Leak Adjustment Policy

Purpose

In accordance with Title 18 of the Atoka Municipal Code of Ordinances, this policy has been designed to ensure that Atoka Water customers who experience a major water leak receive bill adjustments based on a consistent and understandable adjustment formula.

General Guidelines

These general guidelines are administrative rules and regulations governing the water bill adjustment process. The Town Administrator shall be responsible for overseeing the application and adherence to this policy and will issue clarifications as needed.

Responsibility

Any water leak, either inside a structure or between the structure and the water meter, shall be the responsibility of the water customer. For auxiliary meters, any leak on the customers' side of the meter shall be the responsibility of the water customer.

Whenever possible, the Town will notify a customer when the Town suspects that a leak may exist on their property. This notice is provided as a service to Atoka Water customers and does not transfer responsibility for the leak or its correction to the Town.

Requesting an Adjustment

To request a water leak adjustment, a customer must complete a Water Leak Adjustment Request form and submit it to the Atoka Water Department as soon as possible after a leak is identified and repaired.

A customer shall only be eligible for one (1) leak adjustment in any twelve (12) month period.

Verification

Along with an adjustment request, a customer must submit either a receipt from a plumber who conducted the repair, a receipt detailing the purchase of repair parts if the repair was conducted by the customer or a statement from the customer attesting to the repair if no parts were purchased as a part of fixing the leak.

Upon receipt of a request form, Town staff will review the water use for the requested adjustment period in an attempt to determine if a leak occurred and how much water use occurred as a result of the leak. Town staff will also review water use to verify that an effective repair has occurred to stop the water leak.

Adjustment Formula

If an adjustment is warranted, the affected bill(s) are adjusted as follows :

- The water bill is adjusted to reflect the average usage at regular customer cost plus the remaining water usage above the average at the Town's cost (\$2.00/1,000 gallons).
- The sewer bill, if applicable, is adjusted to reflect the average usage.
- The average usage shall be determined by averaging the water use for the six (6) month period prior to the water leak.

Hardship Payment Plan

If, after all adjustments are applied, the amount due is more than twice the average bill received by the customers for the six (6) month period prior to the water leak, the customer may request a Hardship Payment Plan. The Hardship Payment Plan allows the customer to pay the balance over a four (4) month period. The payment will be structured as follows:

- Month 1 – Average monthly bill over the previous six (6) months + 25% of the remaining adjusted balance due
- Months 2-4 – Actual monthly bill + 25% of the adjusted balance due

Example: The average monthly bill for a customer over the previous six (6) months is \$100 and, as a result of a leak, they have an amount due of \$300 after all adjustments are completed. In the first month, the customer would pay the average monthly bill of \$100 – leaving an adjusted balance due of \$200 – plus twenty-five (25) percent of the remaining adjusted balance due. Since the amount due beyond the monthly bill is \$200 and 25% of that is \$50, the first month they would pay \$150 and in months 2-4, the customer would pay whatever their monthly bill for those months ends up being PLUS \$50 each month until the entire \$200 has been paid off. Late fees and penalties will apply on a monthly basis for the portion of the adjusted balance due during the billing cycle.



SRF funding
21

October 9, 2019

Ms. Athanasia Lewis, Town Administrator
Town of Atoka
334 Atoka Munford Avenue
Atoka, TN 38004

RE: Clean Water State Revolving Fund Loan Program Potential Funding
Atoka (Tipton County), Tennessee

Dear Ms. Lewis,

The State Revolving Fund (SRF) Loan Program is hereby notifying applicants that funding from the FY2019 Priority Ranking List and Capitalization Grant is now available for eligible projects. The following projects are eligible for funding:

Description	Amount
Collection System Expansion (Installation of sixty grinder pumps and approximately 14,000 LF of 1 1/4-inch, 1 1/2-inch, 2-inch, 3-inch, and 4-inch diameter PVC pipe in the Squired Grove Neighborhood)	\$ 400,000
Pump Station Improvements (Rehabilitation of the Main Street PS and installation of a backup generator and a bypass pump for the Kern Lift Station)	\$ 220,000

Funding priority will be given to those projects that are ready to proceed with construction activities. In order to demonstrate readiness to proceed, applicants must submit the following documents electronically to Ms. Felicia Freeman at Felicia.D.Freeman@tn.gov:

1. A letter requesting funding for the projects listed above;
2. Last three years of audited financial statements;
3. Current water/sewer user rate ordinance;
4. Inter-disciplinary Environmental Review (IER) information, which include:
 - a. a clear, concise project description in a (.doc) format
 - b. a 8½" x 11" USGS 7.5-Minute topographic quadrangle color map in a (.jpg or .pdf) format showing the location of the planning area;
 - c. a 8½" x 11" USGS 7.5-Minute topographic quadrangle color map in a (.jpg or .pdf) format showing the location of the proposed project;
5. Facilities Planning Document;
6. Engineering Agreement(s);
7. Plans and Specifications; and
8. Documentation of acquired easements or email/letter certifying ownership of land.

There may be additional documents that are required for submittal to the SRF Loan Program before funding such as: a Fiscal Sustainability Plan Certification, Cost and Effectiveness Analysis

Certification, and Plan of Operations. For specific information about these documents and requirements, please contact Ms. Freeman at (615) 253-5134 or via email.

Upon receipt of the above documents, the SRFLP will arrange the document packages in order by date received. Projects meeting this requirement will be offered FY2019 Capitalization Grant funding, which may include principal forgiveness, until such funding is exhausted. Projects that do not receive principal forgiveness may receive low interest SRF funds to finance their project(s).

If you would like to schedule a Pre-application Meeting to discuss the Program's requirements, please contact Mr. Richard Thomas at Richard.L.Thomas@tn.gov or (615) 532-0668.

If I may be of assistance, please contact me at (615) 532-0789 or Leslie.Gillespie-Marthaler@tn.gov.

We look forward to working with you on your projects.

Sincerely,



Leslie Gillespie-Marthaler, Ph.D.
Director, State Revolving Fund Loan Program

cc: Brett Dunagan, P.E., SSR, Inc., Nashville, TN (via e-mail)
Felicia D. Freeman, Environmental Manager, SRF Loan Program (via e-mail)
Andréa W. Fenwick, Manager, SRF Administrative Section (via e-mail)

LGM/dfd



Water, Sewer, & Trash Service Cost and Fee Schedule

Effective July 1, 2020

Monthly use of the Town's water, sewer and solidwaste services will be billed at the following rates:

	Inside Town Limits	Outside Town Limits
Water Service Rates		
Minimum Monthly Charge (Includes first 1,000 gallons)	\$10.00	\$12.88
Each additional one thousand gallons	\$3.85	\$5.17
Sewer Service Rates (mimimum charges based on WT meter size)		
		Meter Size
Mimimum	\$6.88	5/8 to 3/4 inch
Mimimum	\$8.74	1 inch
Mimimum	\$17.03	1 1/2 inch
Mimimum	\$22.56	2 inch
Mimimum	\$36.81	3 inch
Each Additional one thousand gallons (for all meter sizes)	\$4.75	
Grease Tank Pumping	\$50.00	
Solid Waste Service Rates		
Monthly Charge - Trash	\$16.00	
Monthly Charge - Recycling	\$4.00	
Each additional Can - Trash	\$10.00	

**Multi-Unit buildings on a single meter will be charged the Minimum Monthly Charge per unit and then the usage rate listed above.

Additional Water and Sewer Fees are as follows:

	Inside Town Limits	Outside Town Limits
Account Activation Fees		
Property Owner - Water Connection	\$35.00	\$60.00
Property Owner - Sewer Connection	\$40.00	\$70.00
Property Renter - Water Connection	\$60.00	\$60.00
Property Renter - Sewer Connection	\$50.00	\$50.00
New Connection / Tap Fees		
Primary Water Connection	\$700.00	\$850.00
Sewer Connection	\$600.00	\$600.00
Auxiliary Water Meter Connection	\$400.00	\$550.00
Grinder Pump Installation	\$2,800.00	\$2,800.00
Water Service Relocation using Existing Meter	\$400.00	\$550.00
Additional Account Fees		
Late Payment Penalty - if payment made after the 10th of the month	10 % of bill	10 % of bill
Fee to restore service during business hours	\$25.00	\$25.00
Fee to activate service after busines hours	\$40.00	\$40.00
Fee to restore service after business hours *	\$85.00	\$85.00
Returned Check / Payment Fee	\$30.00	\$30.00

*"After Hours Restoration Fee" is in addition to the "Service Fee" assessed during Cut-off Process

For customer service, please contact Atoka Public Works at (901) 837-5300

Additional information is available on-line at www.TownofAtoka.com

Fees set in Atoka Code of Ordinances
Sewer & Water - Title 18, Chapter 4, Section 18-403
Trash - Title 17, Chapter 1, Section 17-108



Town of Atoka

Posted by Debbie Pickard

July 22 at 5:00 PM

To see the Ordinance Click here: <https://www.townofatoka.com/files/documents/Ordinance20-05-011322052311052920PM.pdf>

Sewer Rate Update as of July 2020

Sewer Rate Fees: The Town recently amended Ordinance Title 18 Chapter 4 Section 403 (2) of the Municipal Code. The following rates and fees will be charged to all sewer customers effective July 1, 2020. The minimum monthly charge of \$6.88 for meter sizes 5/8 to 3/4 inch will remain the same. For each 1,000 gallons of sewer used the rate will increase from \$3.50 per 1,000 gallons to \$4.75 per 1,000 gallons used on all meter sizes. The minimum monthly charge will increase from \$ 6.88 for meter size 1 inch to \$8.74. The minimum monthly charge for meter size 1 1/2 inch will increase from \$8.88 to \$17.03. The minimum monthly charge for meter size 2 inch will increase from \$8.88 to 22.56. The minimum monthly charge for meter size 3 inch will increase from 8.88 to \$34.81. The Town must from time to time, evaluate its water and sewer rate structure and adjust it accordingly. This action is to maintain the financial integrity of the Town Water and Sewer System. The current Town Sewer monthly minimum rate of \$6.88 and usage rate of \$3.50 per 1,000 gallons of usage for all meter sizes has remained the same since October of 2008.

For more information contact the Town Of Atoka online at www.TownofAtoka.com.
Click on the **UTILITY BILLING** tab, then under documents click on **Water/Sewer/Trash Rates & Fees** tab to read.

These service rate changes are designed to make doing business with the Town Of Atoka cost effective for the Town and Town residents. We are constantly evaluating ways to improve service and remain cost effective while providing quality service to you – our valued residents.

If you have any questions regarding these changes, please contact the Town Of Atoka at www.TownofAtoka.com.

ATOKA

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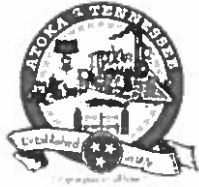
15

15 shares



Comment as Town of Ato...





TOWN OF ATOKA
334 Atoka-Munford Avenue
Atoka, Tennessee 38004
Phone: (901) 837-5300
www.TownofAtoka.com

Atoka Public Works Business Owner
Atoka, Tennessee 38004

Re: Changes Sewer Rate Fees

Dear Atoka Business Owner,

We wanted to take a moment to say thank you for being a current business owner in the Town of Atoka and for calling Atoka home. Our community is a great place because of people like you and we're glad you are here. We also wanted to update you with some changes that will take effect July 1, 2020.

Sewer Rate Fees: The Town recently amended Ordinance Title 18 Chapter 4 Section 403 (2) of the Municipal Code the following rates and fees will be charged to all sewer customers effective July 1, 2020. The minimum monthly charge of \$6.88 for meter sizes 5/8 to 3/4 inch will remain the same. For each 1,000 gallons of sewer used the rate will increase from \$3.50 per 1,000 gallons to \$4.75 per 1,000 gallons used on all meter sizes. The minimum monthly charge will increase from \$ 6.88 for meter size 1 inch to \$8.74. The minimum monthly charge for meter size 1 1/2 inch will increase from \$6.88 to \$17.03. The minimum monthly charge for meter size 2 inch will increase from \$6.88 to 22.56. The minimum monthly charge for meter size 3 inch will increase from 6.88 to \$36.81. The Town must from time to time, evaluate its water and sewer rate structure and adjust it accordingly. This action is to maintain the financial integrity of the Town Water and Sewer System. The current Town Sewer monthly minimum rate of \$6.88 and usage rate of \$3.50 per 1,000 gallons of usage for all meter sizes has remained the same since October of 2008.

For more information contact the Town Of Atoka, by phone at (901) 837-5300 or online at www.TownofAtoka.com. Click on the Utility Billing tab, then under documents click on Water/ Sewer/ Trash Rates & Fees tab to read.

Internet and Facebook: Stay informed on all things Atoka by visiting the Town's webpage at www.TownofAtoka.com and our Facebook page at www.Facebook.com/TownofAtoka. These sites provide a convenient way for you to stay informed of Town meetings and events as well as important issues facing our community. You can sign up for e-notifications through our website and receive automatic email notice when issues of interest are posted. We'd encourage you to take a moment to "Like" us on Facebook to help stay up-to-date on what's happening in Atoka.

These service rate changes are designed to make doing business with the Town Of Atoka cost effective for the Town and Town business owners. We are constantly evaluating ways to improve service and remain cost effective while providing quality service to you – our valued business owners.

If you have any questions regarding these changes, please contact the Town Of Atoka at (901) 837-5300 or visit www.TownofAtoka.com.

Respectfully Yours,

W. Daryl Walker
Mayor

Depreciation Detail Listing

FORM 1120

For your records only

Social security number/EIN

44-4556666

* Item is included in UBIA for Section 199A calculations. See "UBIA" in lower right corner. Name(s) as shown on return

No.	Description	Date	Cost	Basis Adjustment	Business percentage	Section 179	Bonus depreciation	Depreciable Basis	Life	Method	Rate	Prior Depreciation	Current Depreciation	Accumulated Depreciation	AMT Current
1	WATER LINES	05011973	92,951		100.00			92,951 33			0	92,951		92,951	
2	WATER LINES	04011974	22,006		100.00			22,006 33			0	22,006		22,006	
3	WATER LINES	06011978	10,982		100.00			10,982 33			0	10,982		10,982	
4	WATER LINES	06011984	13,017		100.00			13,017 33			0	13,017		13,017	
5	WATER LINES	06011987	1,208		100.00			1,208 33		SL	3.03	1,190	18	1,208	
6	WATER LINES	06011988	98,537		100.00			98,537 33		SL	3.03	91,149	2,986	94,135	
7	WATER LINES	06011990	136,754		100.00			136,754 33		SL	3.03	118,108	4,144	122,252	
8	WATER LINES	06011991	45,913		100.00			45,913 33		SL	3.03	38,252	1,391	39,643	
9	WATER LINES	06011994	20,370		100.00			20,370 33		SL	3.03	15,978	617	16,595	
10	WATER LINES	06011996	1,609		100.00			1,609 33		SL	3.03	1,119	49	1,168	
11	WATER LINES	06011997	8,003		100.00			8,003 33		SL	3.03	5,346	243	5,589	
12	WATER LINES	06011998	3,790		100.00			3,790 33		SL	3.03	2,357	115	2,472	
13	WATER LINES	06011999	6,557		100.00			6,557 33		SL	3.03	3,980	199	4,179	
14	WATER LINES	06012000	38,547		100.00			38,547 33		SL	3.03	22,192	1,168	23,360	
15	WATER LINES	06012001	12,538		100.00			12,538 33		SL	3.03	6,840	380	7,220	
16	BUILDING	06012002	35,131		100.00			35,131 33		SL	3.03	18,105	1,065	19,170	
17	WATER LINES	06012002	94,782		100.00			94,782 33		SL	3.03	48,824	2,872	51,696	
18	CHEV PU TRUCK	06012002	20,809		100.00			20,809 5			0	20,809		20,809	
19	WATER LINES	06012003	37,537		100.00			37,537 33		SL	3.03	17,671	1,137	18,808	
20	SEWER PLANT	06301991	897,120		100.00			897,120 40		SL	2.5	615,042	22,428	637,470	
21	SEWER LINES	06301991	594,046		100.00			594,046 40		SL	2.5	406,971	14,851	421,822	
22	SEWER LINES	06011992	3,578		100.00			3,578 40		SL	2.5	2,619	89	2,708	
23	SEWER LINES	06011996	368,558		100.00			368,558 40		SL	2.5	207,311	9,214	216,525	
24	SEWER LINES	06011998	5,025		100.00			5,025 33		SL	3.03	3,116	152	3,268	
25	SEWER LINES	06011999	17,374		100.00			17,374 40		SL	2.5	8,680	434	9,114	
26	SEWER PLANT	06012001	340,000		100.00			340,000 40		SL	2.5	152,999	8,500	161,499	
27	JD TRACTOR	06012001	50,351		100.00			50,351 12			0	50,351		50,351	
28	SEWER LINES	06012002	2,321		100.00			2,321 33		SL	3.03	1,190	70	1,260	
29	SEWER LINES	06012003	560,768		100.00			560,768 40		SL	2.5	217,878	14,019	231,897	
30	SEWER LINES	07152003	10,371		100.00			10,371 40		SL	2.5	3,885	259	4,144	

Depreciation Detail Listing

FORM 1120

For your records only

Social security number/EIN
44-4556666

* Item is included in UBIA for Section 199A calculations. See "UBIA" in lower right corner. Name(s) as shown on return

No.	Description	Date	Cost	Basis Adjustment	Business percentage	Section 179	Bonus depreciation	Depreciable Basis	Life	Method	Rate	Prior Depreciation	Current Depreciation	Accumulated Depreciation	AMT Current
31	SEWER LINES	07102003	2,913		100.00			2,913	40	SL	2.5	1,095	73	1,168	
32	SEWER LINES	10012003	87,612		100.00			87,612	40	SL	2.5	31,755	2,190	33,945	
33	FIRE HYDRANTS	12012004	4,567		100.00			4,567	20	SL	5	3,078	228	3,306	
34	SEWER PUMP BUILDING	12012004	9,670		100.00			9,670	30	SL	3.333	4,347	322	4,669	
35	SEWER PUMPS	12012004	37,729		100.00			37,729	10	SL	0	37,729		37,729	
36	METER SETS	01012005	6,420		100.00			6,420	20	SL	5	4,334	321	4,655	
37	FIRE HYDRANTS	01012005	12,500		100.00			12,500	20	SL	5	8,438	625	9,063	
38	SEWER LINES	06012001	519,640		100.00			519,640	40	SL	2.5	233,839	12,991	246,830	
39	LAND	01012006	35,000	35,000	100.00			0	0		0				
40	MEADE CONST	06012006	190,119		100.00			190,119	40	SL	2.5	57,036	4,753	61,789	
41	WATER TANK CONST	06012006	463,048		100.00			463,048	40	SL	2.5	138,912	11,576	150,488	
42	WATER SETS	10152005	12,940		100.00			12,940	20	SL	5	8,249	647	8,896	
43	WATER SETS	03312006	12,831		100.00			12,831	20	SL	5	7,954	642	8,596	
44	WATER SETS	05312007	34,090		100.00			34,090	20	SL	5	20,459	1,705	22,164	
45	WATER TANK ADDIT	03312007	484,515		100.00			484,515	40	SL	2.5	145,356	12,113	157,469	
46	MEADE SEWER	12012006	330,893		100.00			330,893	40	SL	2.5	99,264	8,272	107,536	
47	WATER SERVICE CONNECT	12312007	26,463		100.00			26,463	30	SL	3.333	9,298	882	10,180	
48	WATER LINES	12312007	13,039		100.00			13,039	30	SL	3.333	4,585	435	5,020	
49	TRUCK	05012008	24,043		100.00			24,043	5		0	24,043		24,043	
50	BLDG ADDITION	08012008	43,063		100.00			43,063	33	SL	3.03	12,887	1,305	14,192	
51	FENCE	08012008	10,983		100.00			10,983	10	SL	10	10,431	552	10,983	
52	SEWER LINES	04012009	861		100.00			861	30	SL	3.333	267	29	296	
53	WATER DIST MEADE LAKE	04012009	309,579		100.00			309,579	30	SL	3.333	95,019	10,319	105,338	
54	WATER DIST HWY 51	06022009	24,155		100.00			24,155	30	SL	3.333	7,279	805	8,084	
55	2004 CHEV	07212008	6,000		100.00			6,000	5		0	6,000		6,000	
56	2008 GMC SIERRA	12222008	12,795		100.00			12,795	5		0	12,795		12,795	
57	COMPUTER SYSTEM	09152008	21,364		100.00			21,364	5		0	21,364		21,364	
58	COMPUTER SOFTWARE	10012008	11,028		100.00			11,028	5		0	11,028		11,028	
59	BOX BLADE	10142008	1,000		100.00			1,000	10	SL	10	950	50	1,000	
60	CUSTOMER LINES	06302008	21,882		100.00			21,882	30	SL	3.333	7,275	729	8,004	

Depreciation Detail Listing

2018

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FORM 1120

For your records only

Social security number/EIN

44-4556666

* Item is included in UBIA for Section 199A calculations. See "UBIA" in lower right corner. Name(s) as shown on return

No.	Description	Date	Cost	Basis Adjustment	Business percentage	Section 179	Bonus depreciation	Depreciable Basis	Life	Method	Rate	Prior Depreciation	Current Depreciation	Accumulated Depreciation	AMT Current
61	TEST KIT	11052009	1,214		100.00			1,214	10	SL	10	1,044	121	1,165	
62	BORE	11062009	750		100.00			750	10	SL	10	647	75	722	
63	AIR COMPRESSOR	11122009	3,500		100.00			3,500	10	SL	10	3,019	350	3,369	
64	HAND HELD METER READE	12082009	1,500		100.00			1,500	5		0	1,500		1,500	
65	MOLE	12152009	4,618		100.00			4,618	10	SL	10	3,985	462	4,447	
66	JETTER	01222010	12,000		100.00			12,000	10	SL	10	10,050	1,200	11,250	
67	JOHN DEERE BACKHOE	04132010	62,925		100.00			62,925	7		0	62,925		62,925	
68	SEWER LINES HWY 51	02012010	13,000		100.00			13,000	30	SL	3.333	3,627	433	4,060	
69	WATER LINES	03112011	15,775		100.00			15,775	33	SL	3.03	3,485	478	3,963	
70	SEWER LINES	06092011	6,140		100.00			6,140	30	SL	3.333	1,444	205	1,649	
71	ICE MACHINE	07012010	2,800		100.00			2,800	10	SL	10	2,100	280	2,380	
73	AUTOMATIC WATER GATE	05182012	7,689		100.00			7,689	12	SL	8.333	3,926	641	4,567	
74	VACUUM SEWER PUMP	05182012	31,960		100.00			31,960	7	SL	14.286	27,967	3,993	31,960	
75	SEWER LINES ARRA	02012012	3,701,864		100.00			3,701,864	33	SL	3.03	729,157	112,178	841,335	
76	2013 FORD F-150	10252012	20,285		100.00			20,285	5		0	20,285		20,285	
77	WATER TOWER EQUIPMENT	07252012	6,574		100.00			6,574	10	SL	10	3,614	657	4,271	
78	RP GENERATOR	04262013	67,970		100.00			67,970	10	SL	10	37,383	6,797	44,180	
79	SOFTWARE	05072013	12,418		100.00			12,418	5		0	12,418		12,418	
80	SEWER LINES	10052012	2,500		100.00			2,500	30	SL	3.333	474	83	557	
81	SEWER LINES	10052012	18,004		100.00			18,004	33	SL	3.03	2,730	546	3,276	
82	FORD F-350	07222013	35,200		100.00			35,200	5	SL	20	31,680	3,520	35,200	
83	CLARK MOSQUITO PUMP	08082013	9,418		100.00			9,418	10	SL	10	4,239	942	5,181	
84	1/2 FORD FUSION	08202013	9,180		100.00			9,180	5	SL	20	8,262	918	9,180	
85	WATER PIPE	04042014	16,800		100.00			16,800	33	SL	3.03	2,142	509	2,651	
86	GENERATOR COMPONENT	04042014	8,640		100.00			8,640	10	SL	10	3,888	864	4,752	
87	C & S-WATER PROJECT P	06302015	263,840		100.00			263,840	30	SL	3.333	26,752	8,795	35,547	
88	GENERATOR COMPONENT	05012014	6,450		100.00			6,450	10	SL	10	2,903	645	3,548	
89	SEWER LINES	10242013	30,841		100.00			30,841	30	SL	3.333	4,840	1,028	5,868	
90	C&S WATER PROJECT	12312014	149,162		100.00			149,162	30	SL	3.333	17,610	4,972	22,582	
91	E SNAPPER ZERO TURN M	07092014	6,950		100.00			6,950	10	SL	10	2,433	695	3,128	

Depreciation Detail Listing

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* Item is included in UBIA for Section 199A calculations. See "UBIA" in lower right corner.

FORM 1120

For your records only

Social security number/EIN

44-4556666

No.	Description	Date	Cost	Basis Adjustment	Business percentage	Section 179	Bonus depreciation	Depreciable Basis	Life	Method	Rate	Prior Depreciation	Current Depreciation	Accumulated Depreciation	AMT Current	
ATOKA WATER/SEWER																
92	E SUBSURFACE LOCATOR	07162014	5,100		100.00			5,100	10	SL	10	1,785	510	2,295		
93	V COLORADO PICKUP	03202015	20,000		100.00			20,000	5	SL	20	14,000	4,000	18,000		
94	E COMPUTER SERVER	04082015	4,125		100.00			4,125	5	SL	20	2,888	825	3,713		
95	SL LOCKMEADE SEWER LI	07012014	93,697		100.00			93,697	33	SL	3.03	10,859	2,839	13,698		
96	WL LOCKMEADE WATER LI	07012014	162,207		100.00			162,207	33	SL	3.03	18,800	4,915	23,715		
97	SL STERLING RIDGE RD	07012014	164,920		100.00			164,920	33	SL	3.03	19,117	4,998	24,115		
98	WL STERLING RIDGE WAT	07012014	140,430		100.00			140,430	33	SL	3.03	16,276	4,255	20,531		
99	SL OAK CREEK SEWER LI	07012014	107,104		100.00			107,104	33	SL	3.03	12,416	3,246	15,662		
100	WL OAK CREEK WATER LI	07012014	119,406		100.00			119,406	33	SL	3.03	12,839	3,618	16,457		
101	SL TEMPLETON FARMS SE	07012014	240,017		100.00			240,017	33	SL	3.03	27,819	7,273	35,092		
102	WL TEMPLETON FARMS WA	07012014	273,110		100.00			273,110	33	SL	3.03	31,656	8,276	39,932		
103	BUILDING 76 COBB WS P	01262016	250,000	25,000	100.00			225,000	40	SL	2.5	13,829	5,625	19,454		
104	NEW LIFT STATION PUMP	03032016	28,835		100.00			28,835	15	SL	6.667	4,805	1,922	6,727		
105	WL HYDRANT PROJ MAPLE	12312016	9,913		100.00			9,913	33	SL	3.03	463	300	763		
106	COMPUTER SERVER	12312016	36,450		100.00			36,450	5	SL	20	10,935	7,290	18,225		
107	72IN SNAPPER MOWER	12312016	8,300		100.00			8,300	10	SL	10	1,245	830	2,075		
108	2016 FORD TRUCK VIN99	12312016	13,400		100.00			13,400	5	SL	20	4,020	2,680	6,700		
109	METER READING SOFTWARE	12312016	7,950		100.00			7,950	5	SL	20	2,385	1,590	3,975		
110	METROTECH VLOC PROJ G	07012017	4,610		100.00			4,610	10	SL	10	231	461	692		
111	2018 SILVERADO VIN277	07012017	38,077		100.00			38,077	10	SL	10	1,904	3,808	5,712		
112	DRUM SCRUBBER W/BLOWS	07012017	6,979		100.00			6,979	10	SL	10	349	698	1,047		
113	HTT TEMETRY ON FLOWMS	07012017	12,000		100.00			12,000	10	SL	10	600	1,200	1,800		
114	CPS VAL INSERTION SER	07012017	4,800		100.00			4,800	10	SL	10	240	480	720		
115	WATER METER UPGRADE	12312018	27,500		100.00			27,500	10	SL	5		1,375	1,375		
116	WATER METER PROJECT	12312018	796,318		100.00			796,318	10	SL	5		39,816	39,816		
117	SW NEW MAIN LIFT STAT	12312018	19,907		100.00			19,907	15	SL	3.333		664	664		
118	SW BORE SEWER LINE ME	12312018	14,020		100.00			14,020	33	SL	1.641		230	230		
119	SW 2 SEWER PUMPS	07012018	181,328		100.00			181,328	15	SL	3.333		6,044	6,044		
72	Assets Sold/Abandoned WATER DISTRIBUTION	04152012	471,460		100.00			471,460	33	SL	3.03	92,865		92,865		
Totals			14,113,225					14,053,225				4,584,839	429,119	5,013,958	(19)	
Land Amount			14,113,225													
Net Depreciable Cost													429,119	429,119	ST ADJ:	
														CY 179 and CY Bonus TOTAL CY Depr including 179/bonus		

WATER PURCHASE CONTRACT

This Water Purchase Contract (the Contract) made and entered into on May 1, 2017 by and between the Town of Atoka, Tennessee (the Town), and the City of Munford, Tennessee (the City).

Witnesseth:

Whereas, the Town owns and operates a water system which distributes potable water to its customers within its corporate limits and to certain customers in the territory adjacent thereto;

Whereas, the Town desires to continue purchasing potable water from the City to meet the needs of the Town's customers; and

Whereas, the City owns and operates a water treatment plant and distribution system in Tipton County, Tennessee, and is willing to furnish water to the Town as a wholesale customer in accordance with the terms, conditions and limitations hereinafter set forth; and

Whereas, in May 1996 the City and Town entered into a prior agreement for sale of water from the City to the Town, and the 20-year term of that agreement has recently expired, and the water sales have continued on a month-to-month basis, and the parties wish to continue these water sales for a new term, and update the terms and conditions that apply.

Now, therefore, the parties hereto, for and in consideration of the promises and the mutual covenants and agreements herein recited, do hereby agree and bind themselves, replacing any previous agreement entered into by the parties for the same purpose, as follows:

1. Delivery of Potable Water. The City shall furnish potable water (the meaning of which is water approved by the Tennessee Department of Environment and Conservation for public drinking purposes) to the Town at the points of delivery set forth in Section 2 during the term of this Contract.

2. Water Delivery. All water furnished by the City to the Town shall be delivered at the following interconnection points between the parties' water systems: at the intersection of Hwy 51 and McLaughlin Drive; at the intersection of Hwy 51 and Munford Ave.; at the intersection of Hwy 51 and Tabb Drive; and, at any other interconnection point mutually agreed upon by the parties during the term of this Contract. All water delivered to the Town by the City at the interconnection points shall be delivered at a minimum pressure calculated at five hundred (500) gallons per minute at twenty (20) pounds per square inch from a main supply, except during emergency periods or temporary failures in the operation of the City's water system.

3. Master Metering Equipment. All water furnished by the City hereunder shall be measured by suitable metering devices ("Master Meters") of standard manufacture owned by the Town.

a) **Accuracy of Master Metering Equipment.** Both parties shall work together and apply normal industry practices so that the Master Meters placed in service, or allowed to remain in service, shall not have a meter reading error of registration in excess of two percent (2%) under normal operating conditions. In the event that one of the Master Meters stops or malfunctions for any reason, the usage for the same period of the prior year shall be used for billing purposes. Any error of registration which does not exceed two percent (2%) shall be deemed correct.

b) **Testing of Master Metering Equipment.** The Town shall periodically inspect and test all Master Meters at least annually. The City may request that a representative of the City be present, and the Town shall make reasonable efforts to accommodate the City in the event of such requests. Upon request, the City shall have the privilege of making additional inspections and tests in the presence of a representative of the Town, at the City's expense.

c) **Maintenance of Master Metering Equipment.** The Town shall maintain and, if necessary, replace the Master Meters at the Town's expense.

4. Operation of the Town's Water System. The City shall not be liable to furnish, process, install, operate or maintain any equipment, materials, facilities, storage, reservoir, rights-of-way, or easements necessary to utilize or distribute water hereunder beyond the point of delivery to the Town. The City shall not participate in any way in the distribution of said water by the Town and shall not be required to make any collections from any of the Town's customers. The City and the Town may enter into an agreement for the City to manage the operation of the Town's water system only by separate agreement approved by the Boards of Mayor and Aldermen of the Town and City.

5. Payment for All Metered Water. No abatement on bills for metered water shall be made by the City for leaks, for flushing, for water wasted or lost or for any other use within the Town's system beyond the point of delivery. In the event a documented, large break in the Town's main water lines results in the loss of abnormal amounts of water, the Town reserves the right to negotiate a possible abatement with the City for such water loss.

6. Use of Water Purchased. All water delivered and purchased hereunder may be used or resold by the Town for any purpose it deems fit or proper, except that the Town shall not sell water to other City water customers.

7. Billing and Payment. The City shall read the meter each month and shall provide the Town with a monthly water bill on the City's standard monthly billing period schedule, which currently ends on the 15th calendar day of each month. Then Town shall pay the City for each bill by the 10th calendar day of the following month. The City shall have the right to revise its monthly the billing schedule for

operational reasons, and shall provide the Town with at least 60 days notice of any such revisions to its billing schedule.

8. Rates and Rate Modification.

a) The initial rate for water delivered by the City to the Town shall be two dollars and one cent (\$2.01) per thousand gallons, and subject to rate increases in accordance with Section 8(b).

(b) Future rate increases to the Town will be at a percentage that is no greater than the percentage rate of increase to the City's Inside City residential customers and will be implemented at the same time as rate increases are implemented to the City's residential customers, except that the first such rate increase shall be delayed and not take effect for the Town prior to the City's July 2018 billing period, at which time the rate charged to the Town shall not exceed \$ 2.17 per thousand gallons, which is a one-time rate cap for the Town (the "July 2018 Specific Rate Cap"). This July 2018 Specific Rate Cap shall not apply to simultaneous rate increases for the City's Inside City residential customers and the Town, that go into effect after the July 2018 billing period and meet the other rate increase provisions in this section 8(b).

(c) In addition, during the term of this agreement, the rate charged to the Town by the City shall not exceed the bulk water rate, at that time, charged to the Town by the Poplar Grove Utility District, Tipton County, Tennessee.

9. Availability of Water and Curtailment.

(a) The City shall use reasonable diligence to provide an uninterrupted supply of water to the Town but shall not be liable for any failures, interruptions or shortages of water, or any loss or damage resulting therefrom occasioned in whole or in part by any cause beyond the reasonable control of the City. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire or use of water to fight fire, earthquake or other calamities shall excuse the City from this provision for such reasonable period of time as may be necessary to restore service.

(b) In the event of emergencies, including but not necessarily limited to conditions of reduced water supply or failure of pumping and treatment facilities, the City will distribute such water as is available in equitable proportions among all its water customers, including the Town, during periods of emergency, subject to reasonable adjustments that reflect the Town's use of other local utilities as providers of its water supply.

(c) The City shall, upon delivery of prior notice to the Town, have the right to discontinue the flow of water at the point of delivery temporarily in order to repair, maintain, improve or replace the main or any other portion of the City's water distribution and supply system necessary to supply water to the Town; however, in an emergency situation the City shall provide notice to the Town as soon as practical and such emergency notice may initially be conveyed by verbal and/or electronic modes of communication, to be subsequently confirmed in writing.

10. Term of Contract and Advanced Notice of Termination. The initial term of this Contract shall be six (6) years and shall commence on May 1, 2017. Beginning at the conclusion of the fourth (4th) year of the Contract, or any time thereafter, either party may terminate this Contract by giving an advanced two (2) year written notice of termination to the other party.

11. Request for Information. The Town agrees to provide all reasonable data and information requested by the City which the City deems necessary for the City to continue to provide water service to the Town under the terms of this Contract. Such requests shall include, but shall not be limited to, data and information on the Town's existing water system, the Town's projected capital improvements to its water system, the Town's population, the Town's projections for growth, the status of existing and new developments in the Town which affect the Town's water consumption and any other information in the Town's possession which might affect the Town's demand for water service under this Contract. Any information requested by the City shall be provided within ninety (90) days of the request unless the parties agree to a longer period of time (the due date). In the event the Town fails to provide the information requested by the due date, the City shall not furnish the Town water in any amount greater than the amount of water sold to the Town for the same month in the prior calendar year until such data and information is provided to the City. The City shall also provide to the Town all reasonable data and information requested by the Town within ninety (90) days of the request unless the parties agree to a longer period of time. Upon the Town furnishing the information required under this Section, the Town shall receive any and all increases in water volume set forth in this Contract.

12. Compliance with the City's Rules and Regulations. The Town shall comply with all of the City's rules and regulations governing water service and amendments thereto not inconsistent with this Contract.

13. Minimum and Maximum Monthly Volumes.

a) The Town agrees to purchase a minimum volume of four million, five hundred thousand (4,500,000) gallons of water per month upon the execution of this Contract. This shall be calculated as an average over a rolling twelve (12) month period. The Town shall pay for the minimum monthly volume of water set forth in this subsection (a) even when the Town does not actually purchase this average minimum monthly volume amount from the City over the course of a rolling 12-month period.

b) The Town may purchase up to ten million gallons (the maximum monthly volume of water) in a monthly billing period. Requests for amounts in excess of ten million gallons in a monthly billing period are subject to approval by the City. If the Town requests amounts in excess of ten million gallons in a monthly billing period ("hereinafter defined as an "overage"), the City does not have the obligation to provide the Town with such overages, and the Town shall pay the applicable rates as outlined in Section 8 for any water purchased above the monthly maximum.

14. Revisions and Cancellation. This Contract may be modified, amended or cancelled during the term of this Contract only by mutual agreement of the parties in writing.

15. Notice. All notices, requests, demands or other communications ("Notices") hereunder, other than emergency notices as provided for in Section 9, shall be in writing and given by United States Certified Mail and shall be effective as of the date of delivery to the intended recipient as shown on the courier's records; delivery shall be deemed to have been made if the courier was not able to deliver due to change of address for which no Notice was given. If a date by which Notice must be given falls on a Saturday, Sunday or legal holiday in the state where the recipient is located, Notice shall be due the next following business day, notwithstanding that the courier may make weekend deliveries. Notices (and copies as shown) shall be addressed as shown below or to such other address as may be specified from time to time in writing by either party.

If to Town: Mayor / Town Administrator
Town of Atoka
334 Atoka-Munford Avenue
Atoka, Tennessee 38004

If to City: Mayor / City Manager
City of Munford
1397 Munford Avenue
Munford, Tennessee 38058

IN WITNESS WHEREOF, the parties hereto have caused this Water Purchase Contract to be executed by their duly authorized officers.

TOWN OF ATOKA, TENNESSEE

By: Daryl Walker
Daryl Walker, Mayor

Attest: Debbie Pickard
Debbie Pickard, Town Recorder

CITY OF MUNFORD, TENNESSEE

By: Dwayne Cole
Dwayne Cole, Mayor

Attest: Sherry Yelvington
Sherry Yelvington, City Recorder

WATER PURCHASE CONTRACT

This Water Purchase Contract (the Contract) made and entered into on JANUARY 07, 2014 by and between the Town of Atoka, Tennessee (the Town), and Poplar Grove Utility District of Tipton County, Tennessee (the District).

Witnesseth:

Whereas, the Town owns and operates a water system which distributes potable water to its customers within its corporate limits and to certain customers in the territory adjacent thereto;

Whereas, the Town desires to purchase potable water from the District to meet the needs of the Town's customers; and

Whereas, the District owns and operates a water treatment plant and distribution system in Tipton County, Tennessee, and is willing to furnish water to the Town as a wholesale customer in accordance with the terms, conditions and limitations hereinafter set forth.

Now, therefore, the parties hereto, for and in consideration of the promises and the mutual covenants and agreements herein recited, do hereby agree and bind themselves, replacing any previous agreement entered into by the parties for the same purpose, as follows:

1. **Delivery of Potable Water.** The District shall furnish potable water (the meaning of which is water approved by the Tennessee Department of Environment and Conservation for public drinking purposes) to the Town at the points of delivery set forth in Section 2 during the term of this Contract.

2. **Points of Delivery.** All water furnished by the District to the Town shall be delivered at the following interconnection points between the parties' water systems: at the intersection of Tracy Road and Blaydes Drive; at the intersection of Atoka-Idaville and Rosemark Roads; at the intersection of Meade Lake Road and the District's boundary line; and, at any other interconnection point mutually agreed upon by the parties during the term of this Contract. All water delivered to the Town by the District at the interconnection points shall be delivered at a minimum pressure of sixty-five (65) pounds per square inch, except during emergency periods or temporary failures in the operation of the District's water system.

3. **Metering Equipment.** All water furnished by the District hereunder shall be measured by a suitable metering device of standard manufacture that has been furnished and installed at the Town's expense but which is owned by the District. The District shall maintain and replace the meter at its expense. No meter shall be placed in service or allowed to remain in service which has an error in registration in excess of two percent (2%) under normal operating conditions. In the event the meter stops or malfunctions for any reason, the usage for the same period of the prior year shall be used for billing purposes. Any error of registration which does not exceed two percent (2%) shall be deemed correct. The District at its expense shall periodically inspect and test the meter in the presence of a representative of the Town, if it shall desire. Upon request the Town shall

have the privilege of making additional inspections and tests in the presence of a representative of the District at the Town's expense.

4. **Operation of the Town's Water System.** The District shall not be liable to furnish, process, install, operate or maintain any equipment, materials, facilities, storage, reservoir, rights-of-way, or easements necessary to utilize or distribute water hereunder beyond the point of delivery to the Town. The District shall not participate in any way in the distribution of said water by the Town and shall not be required to make any collections from any of the Town's customers. The District and the Town may enter into an agreement for the District to manage the operation of the Town's water system only by separate agreement approved by the District's Board of Commissioners and the Town's Board of Mayor and Aldermen.

5. **Payment for All Metered Water.** No abatement on bills for metered water shall be made by the District for leaks, for flushing, for water wasted or lost or for any other use within the Town's system beyond the point of delivery. In the event a documented, large break in the Town's main water lines results in the loss of abnormal amounts of water, the Town reserves the right to negotiate a possible abatement with the District for such water loss.

6. **Use of Water Purchased.** All water delivered and purchased hereunder may be used or resold by the Town for any purpose it deems fit or proper.

7. **Billing and Payment.** The District shall read the meter each month and shall render a bill to the Town each month for water purchased under this Contract. The Town shall remit payment monthly in accordance with District's normal billing time allowance in force for other District customers. In the event the Town remains in default in the payment for water purchased after delivery of a second notice and/or the passage of thirty (30) days from the date of the first notice, the District shall discontinue service hereunder until the payment of the sum in default shall have been made.

8. **Rates and Rate Modification.**

(a) The rate for water delivered by the District to the Town shall be two dollars (\$2.00) per thousand gallons subject to rate increases in accordance with Section 8(b).

(b) Rate increases to the Town during the term of this Contract will be at the same percentage as rate increases to the District's residential customers and will be implemented at the same time rate increases are implemented to the District's residential customers.

9. **Availability of Water and Curtailment.**

(a) The District shall use reasonable diligence to provide an uninterrupted supply of water to the Town but shall not be liable for any failures, interruptions or shortages of water, or any loss or damage resulting therefrom occasioned in whole or in part by any cause beyond the reasonable control of the District.

(b) In the event of emergencies, including but not necessarily limited to conditions of reduced water supply or failure of pumping and treatment facilities, the

District will distribute such water as is available in equitable proportions among all its water customers, including the Town, during periods of emergency.

(c) The District shall, upon delivery of prior notice to the Town, have the right to discontinue the flow of water at the point of delivery temporarily in order to repair, maintain, improve or replace the main or any other portion of the District's water distribution and supply system necessary to supply water to the Town.

10. Term of Contract and Advanced Notice of Termination. The initial term of this Contract shall commence on January 1, 2014 and shall expire on December 31, 2023. After December 31, 2023, the Contract term will be indefinite and will be subject to termination as set forth in this Section. Either party may terminate this Contract by giving an advanced three (3) year written notice of termination to the other party beginning in the seventh (7th) year of the Contract or any time thereafter,

11. Request for Information. The Town agrees to provide all reasonable data and information requested by the District which the District deems necessary for the District to continue to provide water service to the Town under the terms of this Contract. Such requests shall include, but shall not be limited to, data and information on the Town's existing water system, the Town's projected capital improvements to its water system, the Town's population, the Town's projections for growth, the status of existing and new developments in the Town which affect the Town's water consumption and any other information in the Town's possession which might affect the Town's demand for water service under this Contract. Any information requested by the District shall be provided within ninety (90) days of the request unless the parties agree to a longer period of time (the due date). In the event the Town fails to provide the information requested by the due date, the District shall not furnish the Town water in any amount greater than the amount of water sold to the Town for the same month in the prior calendar year until such data and information is provided to the District. The District shall also provide to the Town all reasonable data and information requested by the Town within ninety (90) days of the request unless the parties agree to a longer period of time. Upon the Town furnishing the information required under this Section, the Town shall receive any and all increases in water volume set forth in this Contract.

12. Compliance with the District's Rules and Regulations. The Town shall comply with all of the District's rules and regulations governing water service and amendments thereto not inconsistent with this Contract.

13. Minimum and Maximum Volumes.

(a) The Town agrees to purchase a minimum volume of seven million, six hundred thousand (7,600,000) gallons of water per month upon the execution of this Contract. This minimum monthly volume shall increase by four percent (4%) on the first day of January of each year of the Contract beginning January 1, 2015 according to the schedule below:

Year	Minumum
2014	7,600,000
2015	7,904,000
2016	8,220,160
2017	8,548,966
2018	8,890,925
2019	9,246,562
2020	9,616,425
2021	10,001,082
2022	10,401,125
2023	10,817,170

The Town shall pay for the minimum monthly volume of water set forth in this subsection (a) even when the Town does not actually purchase this minimum monthly volume amount from the District.

(b) The maximum volume of water that the District shall supply to the Town shall not exceed thirty-one million, six hundred thousand (31,600,000) gallons per month. This maximum monthly volume shall increase by four percent (4%) on the first day of January of each year of the Contract beginning January 1, 2015 according to the schedule below:

Year	Maximum
2014	31,600,000
2015	32,864,000
2016	34,178,560
2017	35,545,702
2018	36,967,530
2019	38,446,232
2020	39,984,081
2021	41,583,444
2022	43,246,782
2023	44,976,653

The maximum volume of water which the District is obligated to supply to the Town under this subsection (b) is subject to the provisions of Section 11.

(c) In addition to the maximum monthly water volumes set forth in subsection (b), the District agrees to increase the maximum monthly volume of water to the Town up to an additional six (6) million gallons per month beginning January 1, 2020 or on any first day of January following 2020 provided that the notice required in this subsection (c) is provided. Should the Town desire to increase its maximum monthly water volume up to an additional six (6) million gallons per month beginning January 1, 2020, the Town shall give the District written notice of the additional maximum monthly water volume amount it desires to purchase before December 31, 2017. Should the Town desire to increase its maximum monthly water volume up to an additional six (6) million gallons per month beginning any January 1 following January 1, 2020, the Town shall give the District

written notice of the additional maximum monthly water volume it desires to purchase two (2) full calendar years prior to the January 1 the Town desires the increase. (i.e. To increase the maximum monthly water volume effective January 1, 2022, notice must be provided to the District by December 31, 2019). The total additional capacity available to the Town, regardless of when it is requested as provided herein, is six (6) million gallons a month above the maximum volume of water specified in Section 13 (b). In the event the Town elects to increase its maximum monthly water volume as specified in this subsection (c), the parties agree to enter into a written amendment to this Contract to reflect said change. The maximum volume of water which the District is obligated to supply to the Town under this subsection is subject to the provisions of Section 11.

(d) In the event that the Town elects to increase its maximum monthly water volume as specified in Section 13 (c) above, the minimum monthly water volume shall increase by the same amount and at the same time, and the Town shall pay for the minimum monthly volume of water required in this subsection (d) even when the Town does not actually purchase this minimum monthly volume amount from the District.

14. Revisions and Cancellation. This Contract may be modified, amended or cancelled during the term of this Contract only by mutual agreement of the parties in writing.

15. Notice. All notices, requests, demands or other communications (“Notices”) hereunder shall be in writing and given by United States Certified Mail and shall be effective as of the date of delivery to the intended recipient as shown on the courier’s records; delivery shall be deemed to have been made if the courier was not able to deliver due to change of address for which no Notice was given. If a date by which Notice must be given falls on a Saturday, Sunday or legal holiday in the state where the recipient is located, Notice shall be due the next following business day, notwithstanding that the courier may make weekend deliveries. Notices (and copies as shown) shall be addressed as shown below or to such other address as may be specified from time to time in writing by either party.

If to Town: Mayor / Town Administrator
Town of Atoka
PO Box 505
Atoka, Tennessee 38004

If to District: General Manager
Poplar Grove Utility District
PO Box 129
Tipton, Tennessee 38071

IN WITNESS WHEREOF, the parties hereto have caused this Water Purchase Contract to be executed by their duly authorized officers.

TOWN OF ATOKA, TENNESSEE

By: W. Daryl Walker
W. Daryl Walker, Mayor

Attest:

Debbie Pickard
Debbie Pickard, Town Recorder

POPLAR GROVE UTILITY DISTRICT OF
TIPTON COUNTY, TENNESSEE

By: Clifford Wilson
Clifford Wilson, President of the
Board of Commissioners

Attest:

David Braden
David Braden, General Manager

WATER PURCHASE CONTRACT – ADDENDUM A

This Water Purchase Contract Addendum (the Contract) made and entered into on JANUARY 07, 2014 by and between the Town of Atoka, Tennessee (the Town), and Poplar Grove Utility District of Tipton County, Tennessee (the District).

Witnesseth:

Whereas, the Town has made a connection to the District's water main near the intersection of Atoka-Idaville and Portersville Roads (the Connection) for the purposes of providing adequate fire flows to the Walker and Strong subdivisions;

Whereas, the Town will, as a part of making the connection, install an agreed upon metering device; and

Whereas, the District will own and maintain the metering device in a fashion to ensure its operation in the event of an emergency.

Now, therefore, the parties hereto, for and in consideration of the promises and the mutual covenants and agreements herein recited, do hereby agree and bind themselves as follows:

1. **Annual Meter Testing.** The meter installed by the Town at the Connection shall be tested on an annual basis by the District. Results of the annual meter test shall be provided to the Town.
2. **Monthly Minimum Bill.** The Town shall pay a minimum monthly bill of seventy dollars (\$70.00) to maintain the Connection. The monthly minimum bill shall be billed in an identifiable manner on a bill submitted monthly to the Town.
3. **Monthly Minimum Bill Volume.** The Town shall incur no additional cost above the monthly minimum bill specified above on the first thirty-five thousand (35,000) gallons of water metered at the Connection per monthly billing cycle. All water above thirty-five thousand (35,000) gallons per monthly billing cycle shall be charged at the rate specified in the Water Purchase Contract.
4. **Contract Provisions.** This addendum is not intended to change any terms of the Water Purchase Contract beyond those expressly listed above. Should this addendum be found to be in conflict with the Water Purchase Contract, the terms of the Water Purchase Contract shall prevail.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed by their duly authorized officers.

TOWN OF ATOKA, TENNESSEE

By: W. Daryl Walker
W. Daryl Walker, Mayor

Attest:

Debbie Pickard
Debbie Pickard, Town Recorder

POPLAR GROVE UTILITY DISTRICT OF
TIPTON COUNTY, TENNESSEE

By: Clifford Wilson
Clifford Wilson, President of the
Board of Commissioners

Attest:

David Braden
David Braden, General Manager

We do not have a written plan to improve our non-revenue water percentage. We do however require all town departments and contractors to meter their water usage and report it. We have a very low non-revenue water percentage.

Section C: Wastewater Utility Information

1. Does your utility offer wastewater?
 - a. If yes, please complete the following section.
2. Have you had any rate changes in the previous five years?
 Yes or No (Circle your answer)
 - a. Please provide a copy of your current rate ordinance/structure and the justification for why the rates are set this way- including any recent rate studies performed for the utility. **Attachment #1; Section B**
 - b. Please provide a copy of previous rate ordinances/structures from the previous five years if you answered yes to Question #2. **Attachment #2; Section B**
 - c. If you have differing rate classes (inside/outside city limits, residential/commercial/industrial, new developments, etc.), please provide justification as to why these rates are set the way they are.
3. Do you have any current plans for a rate change?
Yes or No (Circle your answer)
 - a. If yes, please provide a written answer to the following questions:
 - i. Are you planning for a rate increase or decrease?
 - ii. Are you planning this change across all customer classes or only on a certain customer class?
 - iii. Has your Board voted on this rate change yet?
 - iv. If your Board has discussed a rate change at recent meetings, please attach a copy of the relevant minutes at which this meeting took place.
4. Have you had any utility fee changes in the previous five years?
 Yes or No (Circle your answer)
 - a. Please provide a copy of your current utility fee schedule. **Attachment #1**
 - b. Please provide a copy of previous utility fee schedules if you answered yes to Question #3. **Attachment #2**
 - b. Please provide a written rationale for the charges for tap fees, reconnect fees, etc. **Attachment #3**
5. Has your debt management policy been reviewed in the last 5 years?
 Yes or No (Circle your answer)
 - a. Please provide a copy of your debt management policy. If you do not have a debt management policy, please provide a written rationale for why a debt management policy has not been adopted. **Attachment 3; Section B**
6. Has your capitalization policy been reviewed in the last 5 years?
 Yes or No (Circle your answer)
 - a. Please provide a copy of your capitalization policy. If you do not have a capitalization policy, please provide a written rationale for why a capitalization policy has not been adopted. **Attachment #4; Section B**

7. Please provide the most recent 3 months of balance sheets and income statements for your utility.
 - a. If you are a water and wastewater utility and are having difficulty breaking out the accounts, please use percentages or estimate for accounts for the most accurate depiction of the financial status of the utility. **Attachment #5; Section B**
8. Do you have a plan to remedy your financially distressed position for your wastewater fund?

Yes or No (Circle your answer)

 - a. If yes, please provide a detailed copy. **Attachment #6; Section B**
 - b. If no, please provide a justification for why not.
9. Who has the authority to set rates and fees?

Answer: **Board of Mayor and Alderman**

-
- a. Is this a board or committee separate from your local legislative body? (City Council, Board of Mayor and Alderman, etc.)

Yes or No (Circle your answer)
 - b. Please provide a list containing the following information for the aforementioned individuals: **Attachment #7; Section B**
 - i. Name
 - ii. Title
 - iii. Mailing Address
 - iv. Phone Number
 - v. Date of Initial Election or Appointment
 - vi. Have they fulfilled their initial 12 hour training requirement within the first year of service, if applicable? Yes or No
 - vii. If so, please provide proof that the training requirement has been satisfied.
10. How many total customers do you currently have?

Answer: **3,268**

-
- a. Please provide a numerical break-down of the totals for each type of customer:
 - i. Billed: **3268**
 - ii. Unbilled: **0**
 - iii. Metered: **3268**
 - iv. Unmetered: **0**
 - v. Breakdown by Rate Class (inside, outside, inside residential, inside commercial, outside residential, outside commercial, etc.) **All meters are at the same rate.**
11. What percentage of your sales do your largest 10 customers account for annually?
(Largest 10 Customer Revenues Total / Total Annual Wastewater Revenue)

Answer: **4%**

-
12. What percentage of your volume do you largest 10 customers account for annually?
(Wastewater Revenue for Largest 10 Customers / Total Wastewater Revenue)

Answer: **4%**

13. Do you adjust wastewater bills for customers with water leaks?

Yes or No (Circle your answer)

- a. If yes, how many leak adjustments were performed based on your leak adjustment policy in the last 12 months? What is the cost associated with these leaks?

Answer: **39; Cost=\$4,995.98**

b. If yes, please attach a copy of your adjustment policy.

Attachment #8, Section B

c. If no, please move on to the next question.

14. Have you incurred any new debt during the current fiscal year for your wastewater utility, or do you plan on incurring any debt during the current fiscal year for your water utility?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding the debt.
b. If no, please move on to the next question.

15. Have you received any grants or capital contributions during the current fiscal year for your wastewater utility, or do you plan on receiving any grants or capital contributions during the current fiscal year for your water utility?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding these grants or capital contributions.
b. If no, please move on to the following question.

16. Have you applied for any grants that will be received over the next two years?

Yes or No (Circle your answer) **Attachment #9; Section B**

- a. If yes, please provide a detailed explanation regarding these potential grants.
b. If no, please move on to the following question.

17. Are your customers made aware of the rates and fees you have in place annually?

Yes or No (Circle your answer)

- c. If yes, how is this accomplished? **Attachment #10; Section B**
Located on the Town Website, Social Media, & Mailer
b. If no, please provide a written justification as to why not.

18. Do you review your capital asset list?

Yes or No (Circle your answer)

- a. If yes, how often is this list reviewed and by whom? **Annually by the auditor.**
b. If no, please provide a written justification as to why not.

19. Do you keep a copy of your capital asset list on file? **Attachment #11; Section B**

Yes or No (Circle your answer)

20. Excluding any customers on wells, are **all** of your customers billed based on water usage?

Yes or No (Circle your answer)

- a. If yes, who supplies the usage data, and are there multiple water suppliers for your customers?

Answer: **Munford & Poplar Grove; Attachment #12; Section B**

- b. If no, but **some** of your customers are billed based on water usage, then answer the above question regarding usage data, but also provide a written explanation on how these customers are billed that are not billed based on water usage.
- c. If no, and **none** of your customers are based on water usage, then provide a written explanation on how these customers are billed.

21. Do you have any customers on wells?

Yes or No (Circle your answer)

- a. If yes, how are these customers billed?

Answer: **Flat rate based on household occupancy.**

- b. If no, please move on to the following question.

22. Do you have any wastewater customers you classify as wholesale?

Yes or No (Circle your answer)

- a. If yes, please provide the contract(s) with these customer(s) or a detailed explanation as to why a contract does not exist and the rate at which wastewater is treated for this customer?
- b. If no, please move on to the following question.

23. Do you treat your own wastewater?

Yes or No (Circle your answer)

- a. If yes, please provide the following:
 - i. Cost to treat per thousand gallons.
City of Munford
 - ii. The design capacity of your treatment facility and the percentage of the design capacity currently being used.
 - iii. The average operating capacity of your treatment facility.
- b. If no, please provide the following: **Attachment #4**
 - i. List of entities wastewater is treated by
 - ii. Rates at which wastewater is treated by entity
 - iii. Wastewater treatment contract with these entities, if no contract exists please give an explanation as to why there is no contract.

24. Do you have a plan to improve your infiltration and inflow (I&I)?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation as to how this will be improved along with your current I&I data.
- b. If no, please provide a detailed justification as to why the current I&I does not need to be improved along with your current I&I data. **Attachment #5**

25. Are there any environmental concerns currently or forthcoming that will put a financial burden on the system?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation as to what the concern or issue is and the extent of the financial burden that will be incurred.
- b. If no, please move on to the next question.

26. In regard to your governing body, how frequently do you meet and what is your practice of providing notice of your meetings?

Answer: **Monthly on the 2nd Tuesday of the Month. It is posted at Town Hall, Website, & Social Media**

27. Do you have a sewer use ordinance?

Yes or No (Circle your answer)

a. If yes, please provide a copy and description of how this is enforced.

Attachment #6

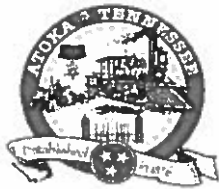
b. If no, please provide a justification for the lack thereof.

Wastewater Attachment List

The previous questions asked for several written explanations and attachments. Below you will find a list of the necessary attachments for questions depending on the answers provided. Please attach the following documents in the order listed with the Wastewater Attachment Number at the top of the corresponding document. You may find that due to some of your answers you may not need to provide an attachment as listed; that is acceptable. If the document is already included with your answers from the Water Section of this questionnaire, then it is not necessary to include the same document twice. **Please do not send in any stapled documents.**

Wastewater Attachment Number, Question Number Asking for Document	Requested Document
Attachment Number: 1; Section B Question Number: Section C, Question #2	Current Rate Ordinance/Structure and Justification
Attachment Number: 2; Section B Question Number: Section C, Question #2	Previous Rate Structure/Ordinance
Attachment Number: N/A Question Number: Section C, Question #3	Rate Change Information from Section C, Question #3
Attachment Number: 1 Question Number: Section C, Question #4	Current Utility Fee Schedule
Attachment Number: 2 Question Number: Section C, Question #4	Previous Utility Fee Schedules
Attachment Number: 3 Question Number: Section C, Question #4	Written Rationale for Utility Fee Justification
Attachment Number: 3; Section B Question Number: Section C, Question #5	Debt Management Policy; or Justification for lack thereof
Attachment Number: 4; Section B Question Number: Section C, Question #6	Capitalization Policy; or Justification for lack thereof
Attachment Number: 5; Section B Question Number: Section C, Question #7	Financial Statements
Attachment Number: 6; Section B Question Number: Section C, Question #8	Financial Distress Remedy Plan; or Justification for lack thereof
Attachment Number: 7; Section B Question Number: Section C, Question #9	Board Training Information
Attachment Number: See Question Question Number: Section C, Question #10	Customer Count Breakdown

Attachment Number: 8; Section B Question Number: Section C, Question #13	Adjustment Policy
Attachment Number: N/A Question Number: Section C, Question #14	Debt Response
Attachment Number: N/A Question Number: Section C, Question #15	Grants/Contributions Response
Attachment Number: N/A Question Number: Section C, Question #16	Future Grants Response
Attachment Number: 10; Section B Question Number: Section C, Question #17	Customer Rate Awareness Response
Attachment Number: 11; Section B Question Number: Section C, Question #19	Capital Asset List Review Response
Attachment Number: 12; Section B Question Number: Section C, Question #20	Wastewater Billing and Usage
Attachment Number: N/A Question Number: Section C, Question #22	Wholesale Customer Information
Attachment Number: 4 Question Number: Section C, Question #23	Wastewater Treatment Information
Attachment Number: 5 Question Number: Section C, Question #24	Inflow and Infiltration Response
Attachment Number: N/A Question Number: Section C, Question #25	Environmental Concerns Response
Attachment Number: 6 Question Number: Section C, Question #27	Sewer Use Ordinance; or Justification for Lack thereof



TOWN OF ATOKA

334 Atoka-Munford Avenue

Atoka, Tennessee 38004

(901) 837-5300

www.townofatoka.com

Water, Sewer, & Trash Service Cost and Fee Schedule

Effective July 1, 2020

Monthly use of the Town's water, sewer and solidwaste services will be billed at the following rates:

	Inside Town Limits	Outside Town Limits
Water Service Rates		
Minimum Monthly Charge (Includes first 1,000 gallons)	\$10.00	\$12.88
Each additional one thousand gallons	\$3.85	\$5.17
Sewer Service Rates (mimimum charges based on WT meter size)		
		Meter Size
Mimimum	\$6.88	5/8 to 3/4 inch
Mimimum	\$8.74	1 inch
Mimimum	\$17.03	1 1/2 inch
Mimimum	\$22.56	2 inch
Mimimum	\$36.81	3 inch
Each Additional one thousand gallons (for all meter sizes)	\$4.75	
Grease Tank Pumping	\$50.00	
Solid Waste Service Rates		
Monthly Charge - Trash	\$16.00	
Monthly Charge - Recycling	\$4.00	
Each additional Can - Trash	\$10.00	

**Multi-Unit buildings on a single meter will be charged the Minimum Monthly Charge per unit and then the usage rate listed above.

Additional Water and Sewer Fees are as follows:

	Inside Town Limits	Outside Town Limits
Account Activation Fees		
Property Owner - Water Connection	\$35.00	\$60.00
Property Owner - Sewer Connection	\$40.00	\$70.00
Property Renter - Water Connection	\$60.00	\$60.00
Property Renter - Sewer Connection	\$50.00	\$50.00
New Connection / Tap Fees		
Primary Water Connection	\$700.00	\$850.00
Sewer Connection	\$600.00	\$600.00
Auxiliary Water Meter Connection	\$400.00	\$550.00
Grinder Pump Installation	\$2,800.00	\$2,800.00
Water Service Relocation using Existing Meter	\$400.00	\$550.00
Additional Account Fees		
Late Payment Penalty - if payment made after the 10th of the month	10 % of bill	10 % of bill
Fee to restore service during business hours	\$25.00	\$25.00
Fee to activate service after busines hours	\$40.00	\$40.00
Fee to restore service after business hours *	\$85.00	\$85.00
Returned Check / Payment Fee	\$30.00	\$30.00

**After Hours Restoration Fee* is in addition to the "Service Fee" assessed during Cut-off Process

For customer service, please contact Atoka Public Works at (901) 837-5300

Additional information is available on-line at www.TownofAtoka.com

Fees set in Atoka Code of Ordinances
Sewer & Water - Title 18, Chapter 4, Section 18-403
Trash - Title 17, Chapter 1, Section 17-108



TOWN OF ATOKA

334 Atoka-Munford Avenue
 Atoka, Tennessee 38004
 Phone: (901) 837-5300
www.TownofAtoka.com

Water, Sewer & Trash Service Cost and Fee Structures

Effective January 1, 2018

Monthly use of the Town's water, sewer and solid waste services will be billed at the following rates:

	Inside Town Limits	Outside Town Limits
Water Service Rates		
Minimum Monthly Charge - Includes first 1,000 gallons	\$ 10.00	\$ 12.88
Per 1,000 gallons after initial 1,000 gallon monthly minimum	\$ 3.85	\$ 5.17
Sewer Service Rates		
Minimum Monthly Charge	\$ 6.88	\$ 8.91
Per 1,000 gallons	\$ 3.50	\$ 3.50
Solid Waste Service Rates		
Monthly Charge - Trash	\$ 16.00	
Monthly Charge - Recycling	\$ 4.00	
Each Additional Can - Trash	\$ 10.00	

*Multi-Unit buildings on a single meter will be charged the Minimum Monthly Charge per unit and then the usage rate listed above.

Additional fees that are charged on water and sewer services are as follows:

	Inside Town Limits	Outside Town Limits
Account Activation Fee		
Property Owner - Water Connection	\$ 35.00	\$ 60.00
Property Owner - Sewer Connection	\$ 40.00	\$ 70.00
Property Renter - Water Connection	\$ 60.00	\$ 60.00
Property Renter - Sewer Connection	\$ 50.00	\$ 50.00
New Connection / Tap Fee		
Water Connection	\$ 700.00	\$ 850.00
Sewer Connection	\$ 600.00	\$ 600.00
Auxiliary Meter	\$ 400.00	\$ 550.00
Grinder Pump Installation	\$ 2,800.00	\$ 2,800.00
Water Service Relocation using Existing Meter	\$ 400.00	\$ 550.00
Additional Account Fees		
Late Payment Penalty - Monthly payment made after the 10th	10 % of bill	10 % of bill
Service Fee - Monthly payment made after the 20th	\$ 25.00	\$ 25.00
After Hours Reconnection - Additional Charge *	\$ 60.00	\$ 60.00
After Hours New Customer Water Connection Fee	\$ 60.00	\$ 60.00
Returned Check Fee	\$ 30.00	\$ 30.00

* "After Hours Reconnection - Additional Charge" is in addition to the "Service Fee"

For customer service, please contact Atoka Public Works at (901) 837-5300

Additional information is available on-line at www.TownofAtoka.com

Fees set in Atoka Code of Ordinances
 Sewer & Water - Title 18, Chapter 4, Section 18-403
 Trash - Title 17, Chapter 1, Section 17-108



Office of the Town Administrator

MEMORANDUM

To: Honorable Mayor Daryl Walker & Board of Aldermen
From: Brian Koral, Town Administrator
Re: Agenda items for March 6, 2012

1. **Financial Reports** – The monthly report detailing financial performance during the month of February will be finalized and presented to the Board at the meeting on March 6.
2. **Ordinance amending Title 1 Chapter 1 related to Elected Officials Holding Office** – This ordinance adds Section 106 to Title 1 Chapter 1 of the Atoka Municipal Code to clearly specify that the Town does not prohibit elected officials from seeking or holding any other office that they are eligible to hold. This will be the second consideration of this ordinance.
3. **Ordinance amending Title 18 Chapter 4 related to Water and Sewer Service Rates** – This ordinance modifies Town code related to the various service fees charged by Atoka Water. Key changes include lowering the installation cost of an auxiliary water meter from \$700 to \$400, adding an "after hours" fee to cover the overtime costs for services reconnected after normal business hours and establishing fees for replacing various water or sewer equipment items that are damaged or destroyed by a customer. This will be the second consideration of this ordinance and, if passed, would take effect on April 1.
4. **Master Site Plan Final Report** – Consultants from Fisher Arnold Architects will attend the meeting to make a presentation on the site master plan final report. Over the past several months, staff and the consultants have met on multiple occasions to review the space needs of the Town and the layout of any facility expansion or renovation. The master plan does not provide specific building layout (what rooms go where, etc.) but gives recommendations on what departments go where and how much square footage would be necessary to meet current and future needs.
5. **Ordinance amending Title 13 Chapter 4 related to Junk Vehicle Penalties** – This ordinance modifies Town code related to the penalty for failure to remove junk vehicles from property as outlined in Title 13 Chapter 4. The current penalty authorized in ordinance is, in the opinion of the Town Attorney, in conflict with state law regarding the maximum fine amount. This ordinance changes the penalty per day, per violation from \$500 to \$50. This will be the first consideration of this ordinance.
6. **Resolution adopting a Donation Policy** – This resolution establishes a standard donation policy and application for organizations seeking the Town's financial support. The calendar deadlines established in the policy will allow the Town to consider larger funding requests in the budget process. A donation policy provides a clear request process, documentation expectations and consistent review for the various organizations that we support each year.

If you have questions on any of these items prior to the Board meeting, please do not hesitate to call on me.



Office of the Town Administrator

MEMORANDUM

To: Honorable Mayor Daryl Walker & Board of Aldermen
From: Brian Koral, Town Administrator
Re: Agenda items for June 27, 2017

- Exhibit A – Ordinance to Amend the FY2017 Town Budget** – This will be the final consideration of an ordinance to amend the Town budget for fiscal year 2017 – running from July 1, 2016 to June 30, 2017. The amendments will authorize a total of \$556,000 increase in General Fund expenditures – \$6,000 for Judicial, \$400,000 for Police, \$100,000 for the Fire Department and \$50,000 for Code Enforcement. The ordinance also authorizes additional expenditures in the State Street Aid (\$100,000) and Drug (\$33,200) Funds.
- Exhibit B – Ordinance to Adopt the FY2018 Town Budget** – This will be the final consideration of the Town of Atoka budget for the fiscal year that begins July 1, 2017 and ends June 30, 2018. The budget anticipates \$6.4 million in General Fund expenditures, \$390,000 in Solid Waste fund expenditures. \$315,000 in State Street Aid expenditures, \$21,800 in Drug Fund expenditures and \$2.2 million in Water and Sewer Fund expenditures. Public notice of the ordinance was published in the Covington Leader on June 15 and a public hearing as required by law will be held prior to second consideration.
- Exhibit C – Ordinance – Amending Title 18 related to Water and Sewer Rates and Fees** – This will be the second consideration of an ordinance to adjust various rates and fees related to water and sewer service provided by the Town. The ordinance increases water rates to \$3.85 per 1,000 gallons of water, establishes a \$50 fee for grease trap pumping, increases tap fees for water service outside of the municipality, increases all account activation fees by \$10 and increases the after-hours fee to restore service by \$20. The Town has not adjusted its rate and fee structure since 2010 while wholesale water costs have increased by more than fifteen percent.
- Exhibit D – Ordinance – Amending Title 12 related to Building Permit Fees** – This will be the second consideration of an ordinance to adjust permit fees related to construction and inspection services provided by the Town. The ordinance adopts a fee structure like the fees currently in place in Tipton County and in Munford. The ordinance values construction at seventy dollars (\$70) per square foot as opposed to the current forty dollar (\$40) value in Atoka. The Town has not adjusted its permit fee structure since 2005 and is seeking to keep its permit fees in line with the cost of providing permitting and inspection services.
- Exhibit E – Bid Award – Fire Department – Cardiac Monitor Equipment Package** – The Atoka Fire Department is requesting approval to acquire a refurbished cardiac monitor to allow the Department to begin running Advanced Life Support (ALS) service early in FY2018. The AFD is the only Fire Department in Tipton County that is positioned to offer full ALS service on every shift based on our Firefighter / Paramedic positions. The refurbished unit includes a warranty and saves several thousand dollars over the cost of a



Office of the Town Administrator

MEMORANDUM

To: Board of Aldermen
From: Mayor Daryl Walker
Re: Agenda items for May 12, 2020

1. **Exhibit A – Board Meeting Minutes** - The minutes from the Board's regular monthly meeting in April are included for review and approval.
2. **Exhibit B – Financial Reports** – The monthly report detailing fiscal year financial performance through the month April is included in the packet for your review.
3. **Exhibit C – Ordinance – Amending Title 18 related to Water and Sewer Rates and Fees** – This will be the final consideration of an ordinance to adjust sewer rates related to sewer service provided by the Town. The ordinance increases sewer rates to \$4.75 per each additional 1,000 gallons of water and increases the minimum bill per meter size as reflected in Exhibit-H. The Town has completed a water/sewer rate study with MTAS, and they have recommended that the sewer rate be increased to ensure that revenues exceed expenses in the water/sewer fund.
4. **Exhibit D and Exhibit E - Declaration – Executive Order from Mayor Walker** - Executive Order No. 4 and No. 5 was issued by Mayor Walker declaring a State of Emergency in the Town of Atoka regarding the novel Coronavirus Disease (COVID-19). Staff recommends the Board make a motion to read the Executive Orders into the minutes.
5. **Exhibit F– Bid Award – CEI Roundabout – SSR** - On March 16, the Town issued a Request for Qualification (RFQ) and Letters of Interest for the Construction Engineering and Inspection (CEI) services related to construction of the federally funded S.R. 206 (Atoka-Idaville Rd.) and Rosemark Rd. intersection roundabout improvement, PIN 118554.00. Staff recommends awarding the RFQ for CEI services to Smith Seckman Reid, Inc. of Memphis Tennessee in the amount of \$87, 017.57
6. **Exhibit G – Resolution – Approving an Annexation in the Town of Atoka** – On March 10, 2020 the Town approved a petition request from Wayne Boulter, President of Munford Development Co., to annex property that is owned by Munford Development just outside of Town limits, on Atoka-Idaville Road. Staff recommends approving the resolution on first consideration as presented.
7. **Exhibit H – Resolution – Approving an Agreement for FY2020 Audit Services** – Staff recommends approving the proposed agreement with Whitehorn, Tankersley & Davis, PLLC to complete our annual audit for the fiscal year 2020 that began on July 1, 2019 and will end on June 30, 2020. The fees for audit are not to exceed \$20400. The fee structure represents an increase of \$600 over the fiscal year 2019 costs.



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Entity Referred: **Town of Bruceton**
Referral Reason: **Negative Change in Net Position**
Utility Type Referred: **Water and Sewer**

Staff Summary:

The Town was referred to the Board for financial distress on February 18, 2020. The Town's financial questionnaire was returned timely and can be found in the accompanying pages.

The Town has an annual cost of living adjustment. The Town indicated in its questionnaire that it is before the Board because its auditor misreported pension information. Staff is unable to verify the accuracy of this contention.

The largest ten customers use 40.97% annually of water by volume, but only account for 17% of annual revenue.

The Town indicated in its questionnaire that they have 3 unbilled water customers and 12 unbilled sewer customers.

Staff Recommendation

1. The Town 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 justification for the differing rate classes, or if no justification is possible, recommendations for an appropriate rate structure;
 - b. a review of all water and sewer fees, including any recommended modifications;
 - c. a justification for the differing fee classes, or if no justification is possible, recommendations for an appropriate fee structure;
 - d. a review of unbilled customers, including any recommended modifications;
 - e. creation of a capitalization policy;
 - f. creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs; and
 - g. a review of the leak adjustment policy, including any recommended modifications.
2. By December 31, 2020, the Town shall send Board staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
3. By December 31, 2020, the Town shall send Board staff proof that all members of the utility system's governing body have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).

4. By April 1, 2021, the Town 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 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 Town.

Section B: Water Utility Information

1. Does your utility offer water? Yes
- a. If yes, please complete the following section. If no, please proceed to Section C: Wastewater Utility Information.

2. Have you had any rate changes in the previous five years?

Yes or No (circle your answer)

- a. Please provide a copy of your current rate ordinance/structure and the justification for why the rates are set this way – including any recent rate studies performed for the utility.

See Attachment 1, copy of Current Schedules with rates from 08/01/2010 along with Attachment 2, Ordinance 16-03 with COLA Increase.

Our rates are set based on current cost of living changes and cost of materials and labor changes that have occurred over the past fiscal year. Consistent and incremental changes are made to keep up with inflation so that the fund stays in a good fiscal position.

- b. Please provide a copy of previous rate ordinance/structures from the previous five years if you answered yes to Question #2.

See Attachment 2, Ordinances and Minutes from Meetings with Voting

- c. If you have differing rate classes (inside/outside city limits, residential/commercial/industrial, new developments, etc.), please provide justification as to why these rates are set the way they are.

We have differing rates classes for outside city limits; the line was originally laid by an individual and was taken over by the town. It requires extra maintenance as well as extra manpower time to read meters. We have found over the years that these lines require more than general maintenance. Commercial and Industrial rates differ these types of premises require larger meters/lines or more maintenance to give consistent service across our customer base.

3. Do you have current plans for a rate change?

Yes or No (circle your answer)

- a. If yes, please provide a written answer to the following questions:
- i. Are you planning a rate increase or decrease?

We have a COLA increase included in the current Ordinance regarding Water and Sewer Rates, it increases each year depending on the amount of COLA and if the Board feels that it should be more then it is increases, it is not less. The Board increased the rate across all customer classes and fixed fees by 3% fiscal year 2020/2021. The Board does have the option of deferring an increase once every 2 years, this has only been deferred once in 2018.

- ii. Are you planning this change across all customer classes or only on a certain customer class?

All customer classes.

iii. Has your Board voted on this rate change yet?

Yes

iv. If your Board has discussed a rate change at recent meetings, please attach a copy of the relevant minutes at which this meeting took place.

See attached Minutes.

4. Have you had any utility fee changes in the previous five years?

Yes or No (circle your answer)

a. Please provide a copy of your current utility fee schedule.

See Attachment 4 – Ordinance 10-04.

b. Please provide a copy of previous utility fee schedules if you answer yes to Question #3.

See Attachment 4 – Ordinance 10-04.

c. Please provide a written rationale for the charges for tap fees, reconnect fees, etc.

Tap fees have not increased since 2010. As we have very few new connections each year, this is a small percentage of revenue. Actual costs are determined for extra services including road drilling etc. based on current expenditures. Reconnect Fees have not changed since 1995. See Attachment 6 - Ordinance No, 95-10.

5. Has your debt management policy been reviewed in the last 5 years?

Yes or No (circle your answer)

a. Please provide a copy of your debt management policy. If you do not have a debt management policy, please provide a written rationale for why a debt management policy has not been adopted.

See Attachment 7 - Debt Management Policy

6. Has your capitalization policy been reviewed in the last 5 years?

Yes or No (circle your answer)

The Town of Bruceton does not have a current written capitalization policy. Financial standards apply that the Town does not capitalize expenditures under \$5,000.00. Purchasing Policy states all purchases over \$2,500.00 must be bid and approved by the Mayor and Board of Alderman.

7. Please provide the most recent 3 months of balance sheets and income statements for your water fund.

a. If you are a water and wastewater utility and are having difficulty breaking out the accounts, please use percentages or estimate for accounts for the most accurate depiction of the financial status of the utility.

All accounts a separate, see Attachment No. 9 - Balance Sheets.

8. Do you have a plan to remedy your financially distressed position for your water fund?

Yes or No (circle your answer)

We do not believe that our Fund is currently in distress. There are sufficient cash funds within the Fund to operate, and the rates are increased at a rate that sustains the funds yearly. We believe that unexpected expenses impacted the fund on this one year. The Fund had been in the deficit the prior year, due to planned equipment purchases and owing to unexpected equipment failure and vital repair, our fund was marginally in the deficit. This is not a usual occurrence and the financial documents will bear this out.

9. Who has the authority to set rates and fees?

The Mayor and Board of Alderman set rates, there is a yearly COLA increase and this percentage rate is the minimum with the Mayor and Board of Alderman reviewing the rate and increasing as necessary to maintain the viability of the Utility.

- a. Is this board a committee separate from your local legislative body? (City Council, Board of Mayor and Alderman, etc.).

No

- b. Please provide a list containing the following information for the aforementioned individuals:

Title	Name & Address	Phone Number	Date of Election	Training Complete/Hours
Mayor	Robert T. Keeton III 104 Carroll St S Brucceton, TN 38317	731-535-2660	11/06/2018	12
Vice Mayor	Cliff Sturdivant 264 Taylor Street Brucceton, TN 38317	731-415-7272	11/08/2016	12
Alderman	Robert Higdon 308 Chestnut St S Brucceton, TN 38317	731-676-0094	11/08/2016	12
Alderman	Frank McGee 253 Taylor Street Brucceton, TN 38317	731-695-3578	11/08/2016	14
Alderman	Joseph Simmons 300 Cary Drive Brucceton, TN 38317	731-697-0323	11/06/2018	10
Alderman	James Butler 370 Cheatham Street Brucceton, TN 38317	731-697-4174	11/06/2018	10

- i. Have they fulfilled their initial 12-hour training requirement within the first year of service, if applicable?

Yes or No

Our last two Alderman elected are 95% complete in their Training. All other members of the Mayor and Board of Alderman have completed training.

- ii. If so, please provide proof that the training requirement has been satisfied.

See Attachment 11

10. How many total customers do you currently have?

671

a. Please provide a numerical break-down of the totals for each type of customer:

i. Billed 671

ii. Unbilled 3

iii. Metered 671

iv. Unmetered 0

v. Breakdown by Rate Class (inside, outside, inside residential, inside commercial, outside residential, outside commercial, etc.

See attached Attachment 12 - Statistical Sheets

11. What percentage of your sales do your largest 10 customers account for annually?

$\$49,739.52 / 282,919.34 = 18\%$

12. What percentage of your volume do your largest 10 customers account for annually?

40.97%

13. Do you have a leak adjustment Policy?

Yes or No (circle your answer)

a. If yes, how many leak adjustments were performed based on your leak adjustment policy in the last 12 months? What is the cost associated with these leaks?

9 at a cost of \$412.13

See Attachment 13 – Ordinance 15-05 - Leak Adjustment Policy.

14. Have you incurred any new debt during the current fiscal year for your water utility, or do you plan on incurring any debt during the current fiscal year for your water utility?

Yes or No (circle your answer)

We currently have no debt in our Water Utility and have no plans to incur debt.

15. Have you received any grants or capital contributions during the current fiscal year for your water utility, or do you plan on receiving any grants or capital contributions during the current fiscal year for your water utility?

Yes or No (circle your answer)

No, we have received no grants, and have no plans to receive grants.

16. Have you applied for any grants that will be received over the next two years?

Yes or No (circle your answer)

No, we have not applied for any grants.

17. Are you customers made aware of the rates and fees you have in place annually?

Yes or No (circle your answer)

The rate changes including the COLA increase are discussed at the Regular Board Meeting held at City Hall which is open to the public, and streamed live (and available in archive) online. It is included in the Agenda that is posted online as well as reported in the Newspaper.

18. Do you review your capital asset list?

Yes or No (circle your answer)

Each year during budget preparation, the Capital List is evaluated along with Insurance values to ascertain that all assets are listed and accounted. We do not currently have a Capital Asset Plan.

19. Do you keep a copy of your capital asset list on file?

Yes or No (circle your answer)

20. Do you produce your own water supply?

Yes or No (circle your answer)

a. If yes, what is the cost per thousand gallons to produce?

\$4.12/1000

21. Do you purchase your water Supply?

Yes or No (circle your answer)

22. Do you have any wholesale customers?

Yes or No (circle your answer)

23. Do you have a plan to improve your non-revenue water percentage?

Yes or No (circle your answer)

The Town has a current proposal to replace all meters with automated meters so as to catch above 99% of all water. Currently all water is metered, including water that is treated and pumped back into the system. We feel that this inclusion in the water percentages could be distorting our water loss and non-revenue water percentage adversely.

24. Are there any environmental concerns currently or forthcoming that will put a financial burden on the system?

Yes or No (circle your answer)

25. In regard to your governing body, how frequently do you meet and what is your practice of providing notice of your meetings?

Our Mayor and Board of Alderman meeting Monthly on the second Tuesday of the month at 7:00 pm at City Hall. Our Agenda is posted at City Hall, sent to the local newspaper as well as online.

Section B: Attachment List

Attachment 1	Town of Bruceton Schedule of Water Rates – all customers classes including rates from beginning of billing
Attachment 2	Ordinance No. 16-03 – Water & Sewer Service Charges including automatic adjustment for COLA. Minutes of Minutes including voting.
Attachment 3	See Attachment 1 and 2 for Schedules and Rate Change Information
Attachment 4	Ordinance No. 10-04 – Water Tap Connection Fees
Attachment 5	See Attachment No. 4 – Ordinance No. 10-04 – Water Tap Connection Fees
Attachment 6	Ordinance No. 95-10
Attachment 7	Resolution 08-11-15 – Debt Management Policy
Attachment 8	See Explanation in Document.
Attachment 9	Town of Bruceton Water & Sewer Fund Balance Sheets June 2020, July 2020 and August 2020.
Attachment 10	See Explanation in Document.
Attachment 11	Schedule of Town of Bruceton Mayor and Board of Alderman Utility Training.
Attachment 12	Statistical Sheets.
Attachment 13	Ordinance 15-05 – Water Leak Policy
Attachment 14	See Explanation in Document.
Attachment 15	See Explanation in Document.
Attachment 16	See Explanation in Document.
Attachment 17	See Explanation in Document.
Attachment 18	See Explanation in Document.
Attachment 19	See Explanation in Document.
Attachment 20	See Explanation in Document.
Attachment 21	See Explanation in Document.
Attachment 23	See Explanation in Document.

Section C: Wastewater Utility Information

1. Does your utility offer wastewater? Yes
 - a. If yes, please complete the following section.
2. Have you had any rate changes in the previous five years?

Yes or No (circle your answer)

- a. Please provide a copy of your current rate ordinance/structure and the justification for why the rates are set this way – including any recent rate studies performed for the utility.

See Attachment 1, copy of Current Schedules with rates from 08/01/2010 along with Attachment 2, Ordinance 16-03 with COLA Increase.

Our rates are set based on current cost of living changes and cost of materials and labor changes that have occurred over the past fiscal year. Consistent and incremental changes are made to keep up with inflation so that the fund stays in a good fiscal position.

- b. Please provide a copy of previous rate ordinance/structures from the previous five years if you answered yes to Question #2.

See Attachment 2, Ordinances and Minutes from Meetings with voting.

- c. If you have differing rate classes (inside/outside city limits, residential/commercial/industrial, new developments, etc.), please provide justification as to why these rates are set the way they are.

Wastewater is metered by water consumption; it is rated the same as water.

3. Do you have current plans for a rate change?

Yes or No (circle your answer)

- a. If yes, please provide a written answer to the following questions:
 - i. Are you planning a rate increase or decrease?

We have a COLA increase included in the current Ordinance regarding Water and Sewer Rates, it increases each year depending on the amount of COLA and if the Board feels that it should be more then it is increases, it is not less. The Board increased the rate across all customer classes and fixed fees by 3% fiscal year 2020/2021. The Board does have the option of deferring an increase once every 2 years, this has only been deferred once in 2018.

- ii. Are you planning this change across all customer classes or only on a certain customer class?

All customer classes.

- iii. Has your Board voted on this rate change yet?

Yes

- iv. If your Board has discussed a rate change at recent meetings, please attach a copy of the relevant minutes at which this meeting took place.

See attached Minutes.

4. Have you had any utility fee changes in the previous five years?

Yes or No (circle your answer)

a. Please provide a copy of your current utility fee schedule.

See Attachment 4 – Ordinance 10-04.

b. Please provide a copy of previous utility fee schedules if you answer yes to Question #3.

See Attachment 4 – Ordinance 10-04.

c. Please provide a written rationale for the charges for tap fees, reconnect fees, etc.

Tap fees have not increased since 2010. As we have very few new connections each year, this is a small percentage of revenue. Actual costs are determined for extra services including road drilling etc. based on current expenditures. Reconnect Fees have not changed since 1995. See Attachment 6 – Ordinance No. 95-10.

5. Has your debt management policy been reviewed in the last 5 years?

Yes or No (circle your answer)

a. Please provide a copy of your debt management policy. If you do not have a debt management policy, please provide a written rationale for why a debt management policy has not been adopted.

Attachment 7 - Debt Management Policy

6. Has your capitalization policy been reviewed in the last 5 years?

Yes or No (circle your answer)

The Town of Bruceton does not have a current written capitalization policy. Financial standard apply that the Town does not capitalize expenditures under \$5,000.00. Purchasing Policy states all purchases over \$2,500.00 must be bid and approved by the Mayor and Board of Alderman.

7. Please provide the most recent 3 months of balance sheets and income statements for your water fund.

a. If you are a water and wastewater utility and are having difficulty breaking out the accounts, please use percentages or estimate for accounts for the most accurate depiction of the financial status of the utility

All accounts are separate, see attached Attachment 9 - Balance Sheets

8. Do you have a plan to remedy your financially distressed position for your water fund?

Yes or No (circle your answer)

We do not believe that our Fund is currently in distress. There are sufficient cash funds within the Fund to operate, and the rates are increased at a rate that sustains the funds yearly. We believe that unexpected expenses impacted the fund on this one year. The Fund had been in the deficit the prior year, due to planned equipment purchases and owing to unexpected equipment failure that was vital repair, our fund was marginally in the deficit. This is not a usual occurrence and the financial documents will bear this out.

9. Who has the authority to set rates and fees?

The Mayor and Board of Alderman set rates, there is a yearly COLA increase and this percentage rate is the minimum with the Mayor and Board of Alderman reviewing the rate and increasing as necessary to maintain the viability of the Utility.

- a. Is this board a committee separate from your local legislative body? (city Council, Board of Mayor and Alderman, etc.).

No

- b. Please provide a list containing the following information for the aforementioned individuals:

Title	Name & Address	Phone Number	Date of Election	Training Complete/Hours
Mayor	Robert T. Keeton III 104 Carroll St S Bruceston, TN 38317	731-535-2660	11/06/2018	12
Vice Mayor	Cliff Sturdivant 264 Taylor Street Bruceston, TN 38317	731-415-7272	11/08/2016	12
Alderman	Robert Higdon 308 Chestnut St S Bruceston, TN 38317	731-676-0094	11/08/2016	12
Alderman	Frank McGee 253 Taylor Street Bruceston, TN 38317	731-695-3578	11/08/2016	14
Alderman	Joseph Simmons 300 Cary Drive Bruceston, TN 38317	731-697-0323	11/06/2018	10
Alderman	James Butler 370 Cheatham Street Bruceston, TN 38317	731-697-4174	11/06/2018	10

10. How many total customers do you currently have?

615

- a. Please provide a numerical break-down of the totals for each type of customer:

- i. Billed 603
- ii. Unbilled 12
- iii. Metered 0
- iv. Unmetered 615
- v. Breakdown by Rate Class (inside, outside, inside residential, inside commercial, outside residential, outside commercial, etc.

See Attachment 12 - Statistical Sheets

11. What percentage of your sales do your largest 10 customers account for annually?

$\$46,376.36/\$236,820.04 = 27.6\%$

12. What percentage of your volume do your largest 10 customers account for annually?

$7,789,800 / 27,511,307 = 19.58\%$

13. Do you have a leak adjustment Policy?

Yes or No (circle your answer)

a. If yes, how many leak adjustments were performed based on your leak adjustment policy in the last 12 months? What is the cost associated with these leaks?

16 at a cost of \$1,026.09

See Attachment 13 – Ordinance 15-05, Leak Adjustment Policy.

14. Have you incurred any new debt during the current fiscal year for your water utility, or do you plan on incurring any debt during the current fiscal year for your water utility?

Yes or No (circle your answer)

We currently have no debt in our Sewer Utility and have no plans to incur debt.

15. Have you received any grants or capital contributions during the current fiscal year for your water utility, or do you plan on receiving any grants or capital contributions during the current fiscal year for your water utility?

Yes or No (circle your answer)

No, we have received no grants, and have no plans to receive grants.

16. Have you applied for any grants that will be received over the next two years?

Yes or No (circle your answer)

No, we have not applied for any grants.

17. Are you customers made aware of the rates and fees you have in place annually?

Yes or No (circle your answer)

The rate changes including the COLA increase are discussed at the Regular Board Meeting held at City Hall which is open to the public, and streamed live (and available in archive) online. It is included in the Agenda that is posted online as well as reported in the Newspaper.

18. Do you review your capital asset list?

Yes or No (circle your answer)

Each year during budget preparation, the Capital List is evaluated along with Insurance values to ascertain that all assets are listed and accounted. We do not currently have a Capital Asset Plan.

19. Do you keep a copy of your capital asset list on file?

Yes or No (circle your answer)

20. Excluding any customers on wells, are all of your customers billing based on water usage?

Yes or No (circle your answer)

a. If yes, who supplies the usage data, and are there multiple water suppliers for your customers?

Town of Bruceton supplies the usage data, and do not have multiple suppliers.

21. Do you have any customers on wells?

Yes or No (circle your answer)

22. Do you have any wastewater customers you classify as wholesale?

Yes or No (circle your answer)

23. Do you treat your own wastewater?

Yes or No (circle your answer)

a. If yes, please provide the following:

i. Cost to treat per thousand gallons.

\$3.80 per thousand gallons

ii. The design capacity of your treatment facility and the percentage of the design capacity currently being used.

0.572 mgd, 32% used

iii. The average operating capacity of your treatment facility

160,000 gallons average operating capacity per fiscal year.

24. Do you have a plan to improve your infiltration and inflow (I&I)?

Yes or No (circle your answer)

25. Are there any environmental concerns currently or forthcoming that will put a financial burden on the system?

Yes or No (circle your answer)

26. In regard to your governing body, how frequently do you meet and what is your practice of providing notice of your meetings?

Our Mayor and Board of Alderman meeting Monthly on the second Tuesday of the month at 7:00 pm at City Hall. Our Agenda is posted at City Hall, sent to the local newspaper as well as online.

27. Do you have a sewer use ordinance?

Yes or No (circle your answer)

a. If yes, please provide a copy and description of how this is enforced.

See attached Sewer Use Ordinance. The sewer use ordinance is enforced under the direction of the Public Services Director per the Ordinance in consultation with the Town Attorney and Board of Mayor and Alderman as necessary.

MAYOR
ROBERT KEETON III

VICE MAYOR
CLIFF STURDIVANT

TOWN RECORDER
ANNIE HAND

ALDERMEN
SCOTTY HIGDON
FRANK MCGEE
JAMES BUTLER
JOSEPH SIMMONS

18th September 2020

TN Comptroller of the Treasury
Attention: John Greer/Ross Colona
Cordell Hull Building
425 Fifth Avenue North
Nashville, TN 37243

Dear Sirs,

We acknowledge receipt of your letter dated June 29, 2020 regarding the Town of Bruceton Water and Sewer Department and its designation as a distressed system. We believe that this is not the case, at the time of the deficit we had a large unexpected expense and our Auditor did not report our pensions correctly. We have completed the attached questionnaire.

As the questionnaire will bear out, we have sufficient cash reserves to operate our system and have taken consistent steps to keep our system in a good financial and operational position without overburdening our citizenry.

We thank you for your time and if we can be of further assistance, please do not hesitate to contact me personally.

Sincerely,



Robert T. Keeton III
Mayor

Enc.

Section A: Contact Information

Please provide contact information for the utility by responding to the fields below:

Utility Address Information	
Utility Contact Address Line 1:	209 Cheatham Street
Utility Contact Address Line 2:	
Utility Contact Address City:	Bruceston
Utility Address State	Tennessee
Utility Contact Address Zip Code:	39317
Contact Person 1 Information	
Contact Person 1 Title:	Public Services Director
Contact Person 1 Name:	Brian Edwards
Contact Person 1 Email Address:	bruceston@tds.net
Contact Person 1 Phone Number:	731-415-3335
Contact Person 2 Information	
Contact Person 2 Title:	City Recorder/CMFO/Finance Director
Contact Person 2 Name:	Annie Hand
Contact Person 2 Email Address:	brucestoncityrecorder@tds.net
Contact Person 2 Phone Number:	731-586-2401



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Entity Referred: **City of Collinwood**
Referral Reason: **Negative Change in Net Position**
Utility Type Referred: **Water and Sewer**

Staff Summary:

The City was referred to the Board for financial distress on May 11, 2020. The City's financial questionnaire was returned timely and is attached.

The City has not adjusted its rates in five years and currently has no plans to change rates according to its questionnaire. The City has never passed a rate ordinance, causing Staff concern about the City's insouciance regarding its rates.

Staff Recommendation:

1. The City shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a water and sewer 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. a justification for the differing rate classes, or if no justification is possible, recommendations for an appropriate rate structure;
 - d. a review of all water and sewer fees, including any recommended modifications;
 - e. a review of the cost to produce 1,000 gallons of water;
 - f. creation of a rate ordinance;
 - g. creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs; and
 - h. creation of a written leak adjustment policy.
2. By December 31, 2020, the City shall send Board staff a copy of the contract between the City and the qualified expert who is to perform the tasks in paragraph 1.
3. By December 31, 2020, the City shall send Board staff proof that all members of the utility system's governing body have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
4. By April 1, 2021, the City 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 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 City.

Section B: Water Utility Information

1. Does your utility offer water? *Yes*
 - a. If yes, please complete the following section. If no, please proceed to Section C: Wastewater Utility Information.
2. Have you had any rate changes in the previous five years?
Yes or **No** (Circle your answer)
 - a. Please provide a copy of your current rate ordinance/structure and the justification for why the rates are set this way- including any recent rate studies performed for the utility.
 - b. Please provide a copy of previous rate ordinances/structures from the previous five years if you answered yes to Question #2.
 - c. If you have differing rate classes (inside/outside city limits, residential/commercial/industrial, new developments, etc.), please provide justification as to why these rates are set the way they are.
3. Do you have any current plans for a rate change?
Yes or **No** (Circle your answer)
 - a. If yes, please provide a written answer to the following questions:
 - i. Are you planning for a rate increase or decrease?
 - ii. Are you planning this change across all customer classes or only on a certain customer class?
 - iii. Has your Board voted on this rate change yet?
 - iv. If your Board has discussed a rate change at recent meetings, please attach a copy of the relevant minutes at which this meeting took place.
4. Have you had any utility fee changes in the previous five years?
Yes or No (Circle your answer)
 - a. Please provide a copy of your current utility fee schedule.
 - b. Please provide a copy of previous utility fee schedules if you answered yes to Question #3.
 - c. Please provide a written rationale for the charges for tap fees, reconnect fees, etc.
5. Has your debt management policy been reviewed in the last 5 years?
Yes or **No** (Circle your answer)
 - a. Please provide a copy of your debt management policy. If you do not have a debt management policy, please provide a written rationale for why a debt management policy has not been adopted.
6. Has your capitalization policy been reviewed in the last 5 years?
Yes or No (Circle your answer)
 - a. Please provide a copy of your capitalization policy. If you do not have a capitalization policy, please provide a written rationale for why a capitalization policy has not been adopted.

7. Please provide the most recent 3 months of balance sheets and income statements for your water fund.
- If you are a water and wastewater utility and are having difficulty breaking out the accounts, please use percentages or estimate for accounts for the most accurate depiction of the financial status of the utility.
8. Do you have a plan to remedy your financially distressed position for your water fund?
Yes or No (Circle your answer)
- If yes, please provide a detailed copy.
 - If no, please provide a justification for why not.
9. Who has the authority to set rates and fees?

Answer: The Collinwood Board of Commissioners

- Is this a board or committee separate from your local legislative body? (City Council, Board of Mayor and Alderman, etc.)
Yes or No (Circle your answer)
- Please provide a list containing the following information for the aforementioned individuals:
 - Name
 - Title
 - Mailing Address
 - Phone Number
 - Date of Initial Election or Appointment
 - Have they fulfilled their initial 12 hour training requirement within the first year of service, if applicable? Yes or No *Those required have.*
 - If so, please provide proof that the training requirement has been satisfied.

10. How many total customers do you currently have?

Answer: 711

- Please provide a numerical break-down of the totals for each type of customer:

i. Billed - 711	Inside Residential - 470
ii. Unbilled - 0	Outside Residential - 193
iii. Metered - 711	Remaining customers are
iv. Unmetered - 0	Commercial/Business/Government - 48
v. Breakdown by Rate Class (inside, outside, inside residential, inside commercial, outside residential, outside commercial, etc.)	

11. What percentage of your sales do your largest 10 customers account for annually?
(Largest 10 Customer Sales Total / Total Annual Water Sales)

Answer: 18%

12. What percentage of your volume do you largest 10 customers account for annually?
(Gallons of Water sold to Largest 10 Customers / Total Gallons of Water Sold)

Answer: 20.6%

13. Do you have a leak adjustment policy? NO

Yes or No (Circle your answer) *See Additional Section B Comments*

- a. If yes, how many leak adjustments were performed based on your leak adjustment policy in the last 12 months? What is the cost associated with these leaks?

Answer: 95 adjustments at a cost of \$10,320.94

- b. If yes, please attach a copy of your leak adjustment policy.
c. If no, please move on to the next question.

14. Have you incurred any new debt during the current fiscal year for your water utility, or do you plan on incurring any debt during the current fiscal year for your water utility?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding the debt.
b. If no, please move on to the next question.

15. Have you received any grants or capital contributions during the current fiscal year for your water utility, or do you plan on receiving any grants or capital contributions during the current fiscal year for your water utility?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding these grants or capital contributions.
b. If no, please move on to the following question.

16. Have you applied for any grants that will be received over the next two years?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding these potential grants.
b. If no, please move on to the following question.

17. Are your customers made aware of the rates and fees you have in place annually?

Yes or No (Circle your answer)

- a. If yes, how is this accomplished?
b. If no, please provide a written justification as to why not.

18. Do you review your capital asset list?

Yes or No (Circle your answer)

- a. If yes, how often is this list reviewed and by whom? *Annually - City Manager*
b. If no, please provide a written justification as to why not.
c. Please provide a copy of your capital asset plan, or a justification as to why you do not have one. *See Section B Comment sheet*

19. Do you keep a copy of your capital asset list on file?

Yes or No (Circle your answer)

20. Do you produce your own water supply?

Yes or No (Circle your answer)

- a. If yes, what is the cost per thousand gallons to produce?

Answer: 0.84 / thousand

- b. If no, please move on to the next question.

21. Do you purchase your water supply?

- a. If yes, please provide the following:
 - i. List of entities water is purchased from
 - ii. Rates at which water is purchased at
 - iii. Water purchase contract with these entities, if no contract exists please give an explanation as to why there is no contract.
- b. If no, please move on to the following question.

22. Do you have any wholesale customers?

Yes or No (Circle your answer)

- a. If yes, please provide the contract(s) with these customer(s) or a detailed explanation as to why a contract does not exist and the rate at which water is sold to this customer.
- b. If no, please move on to the following question.

23. Do you have a plan to improve your non-revenue water percentage?

Yes or No (Circle your answer) *see Section B comment sheet*

- a. If yes, please provide a detailed explanation as to how this will be improved along with your current non-revenue water percentages by cost and by volume.
- b. If no, please provide a detailed justification as to why the current non-revenue water percentage does not need to be improved along with your current non-revenue water percentages by cost and by volume.

24. Are there any environmental concerns currently or forthcoming that will put a financial burden on the system?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation as to what the concern or issue is and the extent of the financial burden that will be incurred.
- b. If no, please move on to the next question.

25. In regard to your governing body, how frequently do you meet and what is your practice of providing notice of your meetings?

Answer: Meet Monthly - Meetings are advertised on

a sign in town and our Facebook page.

Section A: Contact Information

Please provide contact information for the utility by responding to the fields below.

Utility Address Information	
Utility Contact Address Line 1:	City of Collinwood
Utility Contact Address Line 2:	P.O. Box 98
Utility Contact Address City:	Collinwood
Utility Contact Address State:	Tennessee
Utility Contact Address Zip Code:	38450
Contact Person 1 Information	
Contact Person 1 Title:	City Manager
Contact Person 1 Name:	Gary Victory
Contact Person 1 Email Address:	vic@tds.net
Contact Person 1 Phone Number:	931-724-9107
Contact Person 2 Information	
Contact Person 2 Title:	City Recorder
Contact Person 2 Name:	Cindy Kephart
Contact Person 2 Email Address:	kephartc@cityofcollinwood.org
Contact Person 2 Phone Number:	931-724-9107

COLLINWOOD UTILITY USER RATES

Attachment # 1

<u>Deposits:</u>	<u>Owners</u>	<u>Renters</u>
Water Deposit	\$50.00	\$75.00
Water (outside city)	\$75.00	\$125.00
Sewer Deposit	\$50.00	\$75.00
Gas Deposit	\$100.00	\$150.00

HOMEOWNER IS RESPONSIBLE FOR THE CUSTOMER SIDE OF THE GAS AND/OR WATER METERS.

Commercial customers must pay a minimum cash deposit in addition to an average of 12 month's usage secured by a letter of credit or cash deposit.

Water Usage Rates: (eff 7/1/2014)

Inside City Limits

1-2000 gallons	\$18.45
2,001+ gallons	\$ 9.31/per thousand gallons

Outside City Limits

0-2,000 gallons	\$26.10
2,001+ gallons	\$18.56/per thousand gallons

Sewer Usage Rates:

Residential

0-2,000 gallons	\$22.95
2,001 +	\$ 8.10/per thousand gallons

Commercial

0-2,000 gallons	\$39.15
2,001 +	\$10.80/per thousand gallons

Garbage Rates: (eff 7/1/2019)

Residential (Monday AM)	\$8.15/mo (Container is provided and remains at residence)
-------------------------	--

Water Maintenance Fee (eff 7/1/2019) \$5/mo (for water tank maintenance/system upgrades)

Utility bills are mailed on the 20th day of the month. Payment is due the 5th day of the following month (i.e., January 20th bill would be due on February 5). We do allow a 10-day grace period. However; if full payment is not received by the 15th, on the next business day your residence will received a door reminder. There is a \$15.00 fee for the reminder. If your account is not paid (in full) within 48 hours, utility services will be disconnected and your account will be charged an additional \$25.00 disconnect fee. Services will not be re-connected until the account is paid in full.

YOUR FIRST BILL WILL BE MAILED ON _____ AND DUE ON _____.

Section B: Water Utility Information

2. a. I could not find a current rate ordinance. It appears the previous city manager didn't present one to the commission to be voted on. I did find the minutes to the special meeting where the new rate structure was passed and it is included with this email. The rates were set this way per examples from the State of Tennessee. The city was given some examples and they selected Example B. (also included)

c. I couldn't find any paperwork on why there are inside/outside city limits rates but would assume the higher outside rates are due to not collecting city taxes from outside city customers and the added distance of the water lines and maintenance on these lines.

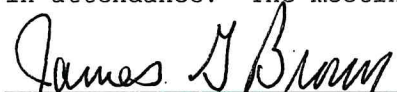



SPECIAL COLLINWOOD COMMISSION MEETING MINUTES APRIL 21ST AND 28TH, 2014

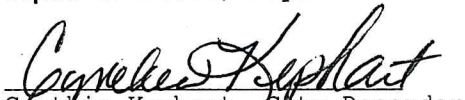
The Collinwood Commission met on Monday, April 21, 2014 in a Special Called Meeting to begin a discussion and set the rates for the Water, Sewer, and Garbage for fiscal year 2014-2015. The meeting began with the Pledge of Allegiance, and a moment of silence/prayer. After a discussion of rates for garbage with HCG owner Regina Skelton, and discussing also the sewer and water rates the Monday, April 21, 2014 meeting was recessed until Monday, April 28, 2014 in order to gather more information for the discussion and set the rates. The following rates were set for the Water, beginning with the first billing in July, 2014. The State of Tennessee had presented the City with 3 examples of rates in which to choose, the City Commission decided to go with example B which would be the lowest rate increase, one of the examples was to keep the rates at the current price in each service, but records show these rates were not sufficient to meet the day to day operations cost. The State of Tennessee had informed the City that a profit must be shown, and if the City Commission did not set the rates in order to show this profit, the State of Tennessee would set the rates for the City, if the Commission did not by May 8, 2014.

The new water rates for inside the city for the basic 2000 gallons will be \$18.45, the current rate is \$12.30 an increase of \$6.15, with each additional 1000 gallons the new rate would be \$9.318, the current rate is \$6.212. Outside the city limits the new rate for the basic 2000 gallons would be \$26.10, the current rate is \$17.40, an increase of \$8.70 with each additional 1000 gallons being \$18.563 the current rate is \$12.375. Sewer rates would increase from the current basic rate of \$17.00 per 2000 gallons to \$22.95, an increase of \$5.95. For residential, and for commercial the rate will increase from \$29.00 to \$39.15 per 2000 gallons. Each additional 1000 gallons would be \$8.10 and increase of \$2.10, and for commercial each additional 1000 gallons would be \$10.80 an increase of .80, the current rate allows for a decrease in rate as volume increase, this has been eliminated for the Fiscal year 14/15.

The new garbage rate for FY 14/15 would be \$4.42 per month, the current is \$4.12 for residential and the new commercial rate would be \$6.90 from \$6.00. The Garbage pickup would be only 1 day per week, instead of the current 2 day, with Monday being the new pickup day. Residents would be allowed 4 cans up to 32 gallon size instead of the current 2 cans per pickup. The current dumpster rates will not change. These rates were set as follows: The water rates were approved by a motion made by Danny Sandusky and seconded by Troy Reed, the motion was to go with Example B, with the rates to begin on the first billing in the Fiscal Year 14/15. A roll call was given with all commissioners present voting yea. The Sewer rates were set by a motion made by Troy Reed, and seconded by Danny Sandusky, the motion was as follows, to go with Example B, with the rates to begin on the first billing in the Fiscal Year 14/15. A roll call was given with all 3 commissioners present voting yea. The Garbage rates would change to \$4.42 for residential, and \$6.90 for commercial, with the dumpster rates to remain the same. The pickup day would be Monday only with an increase in cans allowed to 4, this rate increase would begin in the Fiscal year 14/15, the rates were approved by a motion made by Danny Sandusky, and seconded by Troy Reed. A roll call was given with all commissioners present voting yea. A motion was made by Danny Sandusky and seconded by Troy Reed to adjourn, motion carried. Commissioner Otha Smith was not in attendance. The meeting adjourned at 7:21 P.M.


James G. Brown, Mayor


Danny Sandusky, Vice-Mayor


Cynthia Kephart, City Recorder

WATER RATES

CURRENT COST PER CUSTOMER

(INSIDE RATES)

BASIC BILL (INCLUDES FIRST 2000 GALLON USAGE) \$12.30
EACH ADDITIONAL 1000 GALLONS \$6.212 OR 0.006212 PER GALLON

(OUTSIDE RATES)

BASIC BILL (INCLUDES FIRST 2000 GALLON USAGE) \$17.40
EACH ADDITIONAL 1000 GALLONS \$12.375 OR 0.012375 PER GALLON

EXAMPLE B COST PER CUSTOMER

City of Collinwood
selected these rates

(INSIDE RATES)

BASIC BILL (INCLUDES FIRST 2000 GALLON USAGE) \$18.45
EACH ADDITIONAL 1000 GALLONS \$9.318 OR 0.009318 PER GALLON



(OUTSIDE RATES)

BASIC BILL (INCLUDES FIRST 2000 GALLON USAGE) \$26.10
EACH ADDITIONAL 1000 GALLONS \$18.563 OR 0.018563 PER GALLON

EXAMPLE C COST PER CUSTOMER

(INSIDE RATES)

BASIC BILL (DOES NOT INCLUDE ANY USAGE) \$16.30
EACH 1000 GALLONS IS \$6.212 OR 0.006212 PER GALLON

(OUTSIDE RATES)

BASIC BILL (DOES NOT INCLUDE ANY USAGE) \$21.40
EACH 1000 GALLONS IS \$12.375 OR 0.012375

****COST PER HOUSEHOLD IF USAGE IS 2000 GALLONS**

INSIDE RATE \$28.74
OUTSIDE RATE \$46.16

COMPARING EXAMPLE B AND C

INSIDE RATE (2000 GALLON USAGE)

EXAMPLE B \$18.45
EXAMPLE C \$28.74

DIFFERENCE IN COST \$10.29

OUTSIDE RATE (2000 GALLON USAGE)

EXAMPLE B \$26.10
EXAMPLE C \$46.16

DIFFERENCE IN COST \$20.06

ORDINANCE NO.03-08-10

An Ordinance Increasing Service Connection Fees (tap fees) for Water, Wastewater, and Natural Gas Service.

Whereas, the City of Collinwood is required by State law to operate utilities as an enterprise fund where sufficient user rates are charged to pay the capital and operating cost of the utility;

Whereas, the City of Collinwood operates water, wastewater, and natural gas as enterprise funds; and

Whereas, present rates are insufficient to pay for the capital and operating costs of the water, wastewater, and natural gas enterprise funds; now therefore

Be It Ordained by the City of Collinwood, Tennessee:

Section 1.

- (A.) The service connection fee for residential water service is increased from \$200.00 to \$500.00.
- (B.) The service connection fee for a 1" water meter hook-up is \$700.00.
- (C.) The service connection fee for a standard 2" water meter set is \$1,200.00.
- (D.) The service connection fee for a 275 gas meter set is increased from \$300.00 to \$650.00.
- (E.) The service connection fee for a 415 gas meter set is \$850.00 plus the cost of the meter.
- (F.) The service connection fee for wastewater service is increased from \$500.00 to \$750.00 for free flow.
- (G.) The service connection fee for wastewater service with pump is \$1,500.00.

Section 2.

The service connection fees for water, wastewater, and natural gas shall become effective on June 10, 2010.

Section 3.

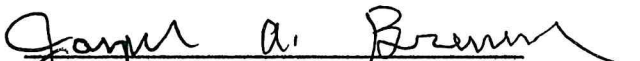
This ordinance shall be effective upon its final passage, the public welfare requiring it.

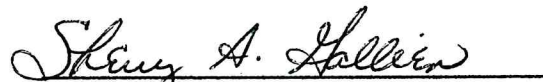
Section 4.

Any ordinance provisions or municipal code provisions in conflict with the herein provisions of this ordinance are repealed.

Passed 1st reading March 8th, 2010.

Passed 2nd reading May 10, 2010.


Jasper A. Brewer, Mayor


Sherry A. Gallien, City Recorder

Section B: Water Utility Information

4. c. The only fee change we had was a \$5.00 Water System Maintenance Fee for Water Service was added to each customer's bill. Both of our water tanks needed to be rehabbed and several things were starting to break down at the water plant and wells and this was how the commission voted to help offset the costs of all this. We also entered into a maintenance contract with American Tank to paint and maintain our water tanks.

L

ORDINANCE NO#2019-06-27

An Ordinance establishing a Water System Maintenance Fee for Water Service.

Whereas, The City of Collinwood is required by State Law to operate utilities as an enterprise fund where sufficient user rates are charged to pay the capital and operating cost of the utility;

Whereas, present rates are insufficient to pay for the capital, maintenance, and operating costs of the water system.

Whereas, the City of Collinwood commission finds, determines, and declares that in order to protect the citizenry from the deterioration of the quality and safety of the Water System that they rely upon and use on a regular basis, it is necessary and in the best interest of the public health and safety to establish a Water Maintenance Fee in order to provide a properly maintained Water System, now therefore

Be it ordained by the City of Collinwood, Tennessee

Section 1.

A maintenance fee of \$5.00 per customer will be added to the monthly water bill, this fee is to be retained in a reserve within the #411 Water Fund, and will be expended for the cost of maintenance and upkeep of the City of Collinwood Water System. This fee will be attached to the monthly utility bill.

Section 2.

The maintenance fee for the Water System shall become effective on July 1, 2019.

Section 3.


This ordinance shall be effective upon its final passage, the public welfare requiring it.

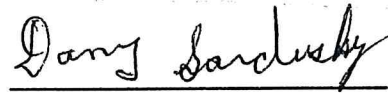
Section 4.

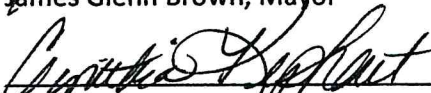
Any ordinance provisions or municipal code provisions in conflict with the herein provisions of this ordinance are repealed.

Passed 1st reading June 27, 2019

Passed 2nd reading July 8, 2019


James Glenn Brown, Mayor


Danny Sandusky, Vice-Mayor


Cynthia Kephart, City Recorder

City of Collinwood

Tennessee

Debt Policy

The purpose of this debt policy is to establish a set of parameters by which debt obligations will be undertaken by the City of Collinwood, TN. This policy reinforces the commitment of the City and its officials to manage the financial affairs of the City so as to minimize risks, avoid conflicts of interest and ensure transparency while still meeting the capital needs of the City. A debt management policy signals to the public and the rating agencies that the City is using a disciplined and defined approach to financing capital needs and fulfills the requirements of the State of Tennessee regarding the adoption of a debt management policy.

The goal of this policy is to assist decision makers in planning, issuing and managing debt obligations by providing clear direction as to the steps, substance and outcomes desired. In addition, greater stability over the long-term will be generated by the use of consistent guidelines in issuing debt.

Definition of Debt: All obligations of the City to repay, with or without interest, in installments and/or at a later date, some amount of money utilized for the purchase, construction, or operation of City resources. This includes but is not limited to notes, bond issues, capital leases, and loans of any type (*whether from an outside source such as a bank or from another internal fund*).

Approval of Debt: Bond anticipation notes, capital outlay notes, grant anticipation notes, and tax and revenue anticipation notes will be submitted to the State of Tennessee Comptroller's Office and the City Board of Commissioners prior to issuance or entering into the obligation. A plan for refunding debt issues will also be submitted to the Comptroller's Office prior to issuance. Capital or equipment leases may be entered into by the City Board of Commissioners; however, details on the lease agreement will be forwarded to the Comptroller's Office on the specified form within 45 days.

Transparency:

- **The City shall comply with legal requirements for notice and for public meetings related to debt issuance.**
- **All notices shall be posted in the customary and required posting locations, including as required local newspapers, bulletin boards, and websites.**
- **All costs (including principal, interest, issuance, continuing, and one-time) shall be clearly presented and disclosed to the**

- citizens, City Board of Commissioners, and other stakeholders in a timely manner.**
- **The terms and life of each debt issue shall be clearly presented and disclosed to the citizens/members, City Board of Commissioners, and other stakeholders in a timely manner.**
 - **A debt service schedule outlining the rate of retirement for the principal amount shall be clearly presented and disclosed to the citizens/members, City Board of Commissioners, and other stakeholders in a timely manner.**

Role of Debt:

- Long-term debt shall not be used to finance current operations. Long-term debt may be used for capital purchases or construction identified through the capital improvement, regional development, transportation, or master process or plan. Short-term debt may be used for certain projects and equipment financing as well as for operational borrowing; however, the City will minimize the use of short-term cash flow borrowings by maintaining adequate working capital and close budget management.
- In accordance with Generally Accepted Accounting Principles and state law,
 1. The maturity of the underlying debt will not be more than the useful life of the assets purchased or built with the debt, not to exceed 30 years; however, an exception may be made with respect to federally sponsored loans, provided such an exception is consistent with law and accepted practices.
 2. Debt issued for operating expenses must be repaid within the same fiscal year of issuance or incurrence.

Types and Limits of Debt:

- The City will seek to limit total outstanding debt obligations to twenty (20) percent of assessed value of the City, excluding overlapping debt, enterprise debt, and revenue debt.
- The limitation on total outstanding debt must be reviewed prior to the issuance of any new debt.
- The City's total outstanding debt obligation will be monitored and reported to the City Board of Commissioners by the City Manager. The City Manager shall monitor the maturities and terms and conditions of all obligations to ensure compliance. The City Manager shall also report to the City Board of Commissioners any matter that adversely affects the credit or financial integrity of the City.
- The City is authorized to issue General Obligation bonds, Revenue bonds, TIFs, loans, notes and other debt allowed by law.
- The City will seek to structure debt with level or declining debt service payments over the life of each individual bond issue or loan.

- As a rule, the City will not backload, use “wrap-around” techniques, balloon payments or other exotic formats to pursue the financing of projects. When refunding opportunities, natural disasters, other non-general fund revenues, or other external factors occur, the City may utilize non-level debt methods. However, the use of such methods must be thoroughly discussed in a public meeting and the mayor and governing body must determine such use is justified and in the best interest of the city.
- The City may use capital leases to finance short-term projects.
- Bonds backed with a general obligations pledge often have lower interest rates than revenue bonds. The City may use its General Obligation pledge with revenue bond issues when the populations served by the revenue bond projects overlap or significantly are the same as the property tax base of the City. The City Board of Commissioners and management are committed to maintaining rates and fee structures of revenue supported debt at levels that will not require a subsidy from the City’s General Fund.

Use of Variable Rate Debt:

- The City recognizes the value of variable rate debt obligations and that cities have greatly benefitted from the use of variable rate debt in the financing of needed infrastructure and capital improvements.
- However, the City also recognizes there are inherent risks associated with the use of variable rate debt and will implement steps to mitigate these risks; including:
 1. The City will annually include in its budget an interest rate assumption for any outstanding variable rate debt that takes market fluctuations affecting the rate of interest into consideration.
 2. Prior to entering into any variable rate debt obligation that is backed by insurance and secured by a liquidity provider, the City Board of Commissioners shall be informed of the potential affect on rates as well as any additional costs that might be incurred should the insurance fail.
 3. Prior to entering into any variable rate debt obligation that is backed by a letter of credit provider, the City Board of Commissioners shall be informed of the potential affect on rates as well as any additional costs that might be incurred should the letter of credit fail.
 4. Prior to entering into any variable rate debt obligation, the City Board of Commissioners will be informed of any terms, conditions, fees, or other costs associated with the prepayment of variable rate debt obligations.
 5. The City shall consult with persons familiar with the arbitrage rules to determine applicability, legal responsibility, and potential consequences associated with any variable rate debt obligation.

Use of Derivatives:

- The City chooses not to use derivative or other exotic financial structures in the management of the City's debt portfolio.
- Prior to any reversal of this provision:
 1. A written management report outlining the potential benefits and consequences of utilizing these structures must be submitted to the City Board of Commissioners; and
 2. The City Board of Commissioners must adopt a specific amendment to this policy concerning the use of derivatives or interest rate agreements that complies with the State Funding Board Guidelines.

Costs of Debt:

- All costs associated with the initial issuance or incurrence of debt, management and repayment of debt (including interest, principal, and fees or charges) shall be disclosed prior to action by the City Board of Commissioners in accordance with the notice requirements stated above.
- In cases of variable interest or non-specified costs, detailed explanation of the assumptions shall be provided along with the complete estimate of total costs anticipated to be incurred as part of the debt issue.
- Costs related to the repayment of debt, including liabilities for future years, shall be provided in context of the annual budgets from which such payments will be funded (i.e. General Obligations bonds in context of the General Fund, Revenue bonds in context of the dedicated revenue stream and related expenditures, loans and notes).

Refinancing Outstanding Debt:

- The City will refund debt when it is in the best financial interest of the City to do so, and the Chief Financial Officer shall have the responsibility to analyze outstanding bond issues for refunding opportunities. The decision to refinance must be explicitly approved by the governing body, and all plans for current or advance refunding of debt must be in compliance with state laws and regulations.
- The Chief Financial Officer will consider the following issues when analyzing possible refunding opportunities:
 1. Onerous Restrictions – Debt may be refinanced to eliminate onerous or restrictive covenants contained in existing debt documents, or to take advantage of changing financial conditions or interest rates.
 2. Restructuring for Economic Purposes – The City will refund debt when it is in the best financial interest of the City to do so. Such refunding may include restructuring to meet unanticipated revenue expectations, achieve cost savings, mitigate irregular debt service payments, or to release reserve funds. Current refunding opportunities may be considered by the Chief Financial Officer if the refunding generates positive present value savings, and the

Chief Financial Officer must establish a minimum present value savings threshold for any refinancing.

3. **Term of Refunding Issues** – The City will refund bonds within the term of the originally issued debt. However, the Chief Financial Officer may consider maturity extension, when necessary to achieve a desired outcome, provided such extension is legally permissible. The Chief Financial Officer may also consider shortening the term of the originally issued debt to realize greater savings. The remaining useful life of the financed facility and the concept of inter-generational equity should guide this decision.
4. **Escrow Structuring** – The City shall utilize the least costly securities available in structuring refunding escrows. Under no circumstances shall an underwriter, agent or financial advisor sell escrow securities to the City from its own account.
5. **Arbitrage** – The City shall consult with persons familiar with the arbitrage rules to determine applicability, legal responsibility, and potential consequences associated with any refunding.

Professional Services:

The City shall require all professionals engaged in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by both the City and the lender or conduit issuer, if any. This includes “soft” costs or compensations in lieu of direct payments.

- **Counsel:** The City shall enter into an engagement letter agreement with each lawyer or law firm representing the City in a debt transaction.
- **Financial Advisor:** The City shall enter into a written agreement with each person or firm serving as financial advisor in debt management and transactions.
 1. **In a competitive sale, the financial advisor shall not be permitted to bid on an issue for which they are or have been providing advisory services.**
 2. **In a publicly offered, negotiated sale, the financial advisor (*either*):**
 - **shall not be permitted to resign as financial advisor in order to underwrite an issue for which they are or have been providing advisory services; or**
 - **may resign as financial advisor only in advance of negotiations in order to underwrite an issue for which they are or have been providing advisory services.**
- **Underwriter:** In advance of pricing of the debt in a publicly offered, negotiated sale, the underwriter must provide pricing information both as to interest rates and to takedown per

maturity to the City Board of Commissioners or the City Manager.

Conflicts:

- **Professionals involved in a debt transaction hired or compensated by the City shall be required to disclose to the City existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, liquidity or credit enhancement provider, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow the City to appreciate the significance of the relationships.**
- **Professionals who become involved in the debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform are not subject to this disclosure. No disclosure is required that would violate any rule or regulation of professional conduct.**

Review of Policy:

This policy shall be reviewed at least annually by the City Board of Commissioners with the approval of the annual budget. Any amendments shall be considered and approved in the same process as the initial adoption of this Policy, with opportunity for public input.

Compliance:

The City Manager is responsible for ensuring compliance with this policy.

TCA References: TCA 7, Part 9 – Contracts, Leases, and Lease Purchase Agreements

TCA 9, Part 21 – Local Government Public Obligations Law

Approved and Entered in the minutes of the City of Collinwood Meeting this 14th day of November, 2011.

Mayor:

Jay A. Brewer

Attested:

City Recorder:

Shary A. Gallien

RESOLUTION 20160630A TO SET THRESHOLD FOR CAPITALIZATION
FOR THE CITY OF COLLINWOOD

WHEREAS this Resolution establishes a threshold that dictates when expenditures may be capitalized in accordance with generally accepted accounting principles.


WHEREAS the City needs to establish a threshold for each asset class in order to maintain effective managerial control.

THEREFORE the City resolves that these dollar levels set the thresholds that apply to these asset classes:

<u>Capital Asset</u>	<u>Capitalize and Depreciate</u>
Land and Land Improvements	\$1 and above-capitalize only
All other capital assets Including Buildings, Machinery and Equipment, Vehicles and Infrastructure	\$10,000

This resolution will take effect immediately upon passage.


James Glenn Brown, Mayor


Cynthia Kephart, City Recorder

MONTHLY STATEMENT OF CONDITION OF FUND ACCOUNTS

FOR THE MONTH OF MAY, 2020

	110 City General	120 Drug Fund	121 Street Aid Fund	131 Sanitation Fund	411 Water Fund	412 Sewer Fund	415 Natural Gas Fund	312 RAILROAD RENOVATION PROJECT FUND	Payroll	CDBG
Bank Cash Balance End of Month	332,880.77	9,102.80	52,983.07	57,849.21	247,571.84	239,688.49	292,402.22	961.17	4,419.43	2.72
Checks Outstanding 1st of Month	-3,464.25	0.00	0.00	0.00	-2,383.08	-94.10	-145.32	0.00	-4,419.43	0.00
Funds on Books 1st of Month	329,416.52	9,102.80	52,983.07	57,849.21	245,188.76	239,594.39	292,256.90	961.17	0.00	2.72
Receipts for Month	57,128.66	0.00	2,998.73	7,305.29	60,633.52	18,103.30	19,199.03	0.00	34,161.87	0.00
Checks Issued for Month	-64,395.85	0.00	-1,514.81	-7,688.79	-70,431.03	-8,153.48	-14,892.86	0.00	-34,161.87	0.00
Interest on Funds	82.56	2.32	17.95	14.72	61.23	63.06	75.70	0.24	0.00	0.00
Debit Transfer (-)	0.00	0.00	0.00	0.00	-28.00	0.00	0.00	0.00	0.00	0.00
Credit Transfer (+)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fund Cash End of Month	322,231.89	9,105.12	54,484.94	57,480.43	235,424.48	249,607.27	296,638.77	961.41	0.00	2.72
O/S Checks end of month.	2,270.62	0.00	0.00	0.00	271.61	160.59	117.14	0.00	1,684.63	0.00
Bank Cash Balance End of Month	324,502.51	9,105.12	54,484.94	57,480.43	235,696.09	249,767.86	296,755.91	961.41	1,684.63	2.72

MONTHLY STATEMENT OF CONDITION OF FUND ACCOUNTS

FOR THE MONTH OF JUNE, 2020

	110 City General	120 Drug Fund	121 Street Aid Fund	131 Sanitation Fund	411 Water Fund	412 Sewer Fund	415 Natural Gas Fund	312 RAILROAD RENOVATION PROJECT FUND	Payroll	CDBG
Bank Cash Balance End of Month	324,502.51	9,105.12	54,484.94	57,480.43	235,696.09	249,767.86	296,755.91	961.41	1,684.63	2.72
Checks Outstanding 1st of Month	-2,270.62	0.00	0.00	0.00	-271.61	-160.59	-117.14	0.00	-1,684.63	0.00
Funds on Books 1st of Month	322,231.89	9,105.12	54,484.94	57,480.43	235,424.48	249,607.27	296,638.77	961.41	0.00	2.72
Receipts for Month	66,178.60	403.75	1,980.79	46,004.19	155,864.99	16,551.58	12,633.44	0.00	37,870.30	0.00
Checks Issued for Month	-84,506.54	0.00	-12,985.79	-6,745.75	-101,634.46	-81,268.11	-9,994.24	0.00	-37,991.62	0.00
Interest on Funds	78.57	2.29	17.20	14.43	62.13	62.00	73.86	0.24	0.00	0.00
Debit Transfer (-)	0.00	0.00	0.00	0.00	-28.10	0.00	0.00	0.00	0.00	0.00
Credit Transfer (+)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fund Cash End of Month	303,982.52	9,511.16	43,497.14	96,753.3	289,689.04	184,952.74	299,351.83	961.65	-121.32	2.72
O/S Checks end of month.	11,406.23	0.00	2,104.00	0.00	1,795.90	91.09	173.43	0.00	4,137.79	0.00
Bank Cash Balance End of Month	315,388.75	9,511.16	45,601.14	96,753.30	291,484.94	185,043.83	299,525.26	961.65	4,016.47	2.72

Attachment #9

MONTHLY STATEMENT OF CONDITION OF FUND ACCOUNTS

FOR THE MONTH OF JULY, 2020

	110 City General	120 Drug Fund	121 Street Aid Fund	131 Sanitation Fund	411 Water Fund	412 Sewer Fund	415 Natural Gas Fund	312 RAILROAD RENOVATION PROJECT FUND	Payroll	CDBG
Bank Cash Balance End of Month	315,388.75	9,511.16	45,601.14	96,753.30	291,484.94	185,043.83	299,525.26	961.65	4,016.47	2.72
Checks Outstanding 1st of Month	-11,406.23	0.00	-2,104.00	0.00	-1,795.90	-91.09	-173.43	0.00	-4,137.79	0.00
Funds on Books 1st of Month	303,982.52	9,511.16	43,497.14	96,753.30	289,689.04	184,952.74	299,351.83	961.65	-121.32	2.72
Receipts for Month	234,432.83	0.00	0.00	7,820.23	81,757.98	14,768.29	7,574.74	0.00	36,502.28	0.00
Checks Issued for Month	-293,190.82	0.00	-1,444.03	-57,745.75	-80,178.95	-54,997.82	-60,930.37	0.00	-36,380.96	0.00
Interest on Funds	78.95	2.42	14.85	24.66	76.03	48.34	75.73	0.24	0.00	0.00
Debit Transfer (-)	0.00	0.00	0.00	0.00	-28.20	0.00	0.00	0.00	0.00	0.00
Credit Transfer (+)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fund Cash End of Month	245,303.48	9,513.58	42,067.96	46,852.44	291,315.90	144,771.55	246,071.93	961.89	0.00	2.72
O/S Checks end of month.	214,895.63	0.00	0.00	0.00	9,757.00	100.00	127.16	0.00	767.73	0.00
Bank Cash Balance End of Month	460,199.11	9,513.58	42,067.96	46,852.44	301,072.90	144,871.55	246,199.09	961.89	767.73	2.72

Section B: Water Utility Information

8. b. We don't have a plan to remedy our water fund because this is the first indication we have received that our water fund is considered distressed. We understand that our revenue didn't cover our expenditures, however, we feel our water fund is still in good shape and getting better. We had several high dollar items we had to fix in our water system and don't anticipate this to happen again for the near future. We also just paid off one debt that was \$21,348.00 per year and will pay off another one in November that is \$25,000.00 per year. The \$5.00 maintenance fee brings in approx. \$39,000.00 per year. We do have the payment for painting and maintenance on both tanks and that is approx. \$56,000.00/year for 4.25 more years and then that drops to approx. \$13,000.00/year. The commission will have to look at your findings and then we can come up with a plan.



Attachment # 10

CITY OF COLLINWOOD, TN
 Schedule of Long-term Debt (cont'd)
 06-30-2020

NOTES AND BONDS FOR FY 19-20	Public Health Loan (Water) 1.55%		TN Div. Bond Fin. (Sewer) 1.85%		Bank of Collinwood Water 1.49%		Sewer Fund Improvement Loan 1.82%		Business Type Activities		Gov and Business Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020-2021	5,324	15	40,066	308	25,000	762	5,923	1,128	76,313	2,213	91,313	3,226
2021-2022	0	0	0	0	0	0	6,119	933	6,119	933	21,119	1,608
2022-2023	0	0	0	0	0	0	6,319	733	6,319	733	21,319	1,071
2023-2024	0	0	0	0	0	0	6,529	523	6,529	523	6,529	733
2024-2025	0	0	0	0	0	0	6,744	307	6,744	307	6,744	523
2025-2026	0	0	0	0	0	0	5,776	86	5,776	86	5,776	86
	5,324	15	40,066	308	25,000	762	37,410	3,710	107,800	4,795	152,800	7,247

CITY OF COLLINWOOD COMMISSIONER LIST
NOVEMBER 2018

JAMES GLENN BROWN, MAYOR (11/9/12)
227 DANIEL CIRCLE
COLLINWOOD, TN 38450
(931)724-2445/home; (931)722-0960/cell

✓ DANNY SANDUSKY, VICE-MAYOR (11/9/98)
304 HWY 13 NORTH/ PO BOX 41
COLLINWOOD, TN 38450
(931)722-8475/cell

✓ WILLIAM "BUTCH" KEPHART (11/4/14)
408 WEST MARTIN RD.
COLLINWOOD, TN 38450
(931)724-9641/home; (931)332-4742/cell

JEREMIAH STULTS (11/14/16)
245 FIRST AVE. SOUTH
COLLINWOOD, TN 38450
(931)722-4584/home

DEBIE PIGG (11/14/16)
101 N. BEECH ST./ 911 BEAR CREEK RD.
COLLINWOOD, TN 38450
(931)724-9371/home; (931)722-4514/cell

#11

CERTIFICATE

OF COMPLETION

William Butch Kephart

has completed

Utility Board Member Training - Module A

This course provided 4 hour(s) of CPE / CLE, Other.

4/29/2019



Municipal Technical Advisory Service
INSTITUTE FOR PUBLIC SERVICE

CERTIFICATE

OF COMPLETION

William Butch Kephart

has completed

Utility Board Member Training - Module B

This course provided 4 hour(s) of CPE / CLE, Financial.

4/30/2019



Municipal Technical Advisory Service
INSTITUTE FOR PUBLIC SERVICE

CERTIFICATE

OF COMPLETION

William Butch Kephart

has completed

Utility Board Member Training - Module C

This course provided 4 hour(s) of CPE / CLE, Other.

4/30/2019



Municipal Technical Advisory Service
INSTITUTE FOR PUBLIC SERVICE

CERTIFICATE

OF COMPLETION

Danny Sandusky

has completed

Utility Board Member Training - Module A

This course provided 4 hour(s) of CPE / CLE, Other.

4/18/2019



Municipal Technical Advisory Service
INSTITUTE for PUBLIC SERVICE

#11

CERTIFICATE OF COMPLETION

Danny Sandusky

has completed

Utility Board Member Training - Module B

This course provided 4 hour(s) of CPE / CLE, Financial.

4/30/2019



Municipal Technical Advisory Service
INSTITUTE for PUBLIC SERVICE

#11

CERTIFICATE OF COMPLETION

Danny Sandusky

has completed

Utility Board Member Training - Module C

This course provided 4 hour(s) of CPE / CLE, Other.

4/30/2019



Municipal Technical Advisory Service
INSTITUTE for PUBLIC SERVICE

Section B: Water Utility Information

13. We do not have a policy in writing that I could find, however, we do have leak adjustments. We basically cut the consumption in half and bill the customer for the remaining usage.

We had 95 adjustments at a cost of \$10,320.94.

C

Section B: Water Utility Information

15. a. We just received word this Monday, September 14, 2020 that we had been approved for a grant for water improvements of \$261,000.00. The plan is to install a master meter at our water plant to measure how much water is going into our distribution system and also looking into installing as many zone meters as feasible in our distribution lines to help isolate any possible leaks. Possibly installing some more shutoff valves to make it easier to isolate leaks for repairs. Looking to do a leak survey to find where we might have leaks that we have been unable to locate. We will be putting AMR meters on our 1 inch and 2 inch meters also. All of our 3/4 inch meters have been upgraded to AMR meters already.

Section B: Water Utility Information

17. a. The rates and fees the city charges are posted on our website and also in our lobby at city hall.

L

Section B: Water Utility Information

18. a. It is reviewed yearly by the city manager.

c. I could not locate a capital asset plan and I don't have any justification why we don't have one. I will continue to search and if we don't have one I will work with the commission to get one in place.

L

Section B: Water Utility Information

23. a. We have received a CDBG in the amount of \$261,000.00 to assist with our water losses. We plan to install a master meter on the main line leaving the water plant and also looking into locations we can install zone meters throughout our distribution lines. We will be installing AMR meters on our 1 inch and 2 inch water meters and this should have all of our meters on AMR's. The plan is to have a leak survey done to help locate any water leaks we may have that are undetected at this time.

Section B: Wastewater Utility Information

1. Does your utility offer wastewater? **YES**
 - a. If yes, please complete the following section.
2. Have you had any rate changes in the previous five years?
Yes or **No** (Circle your answer)
 - a. Please provide a copy of your current rate ordinance/structure and the justification for why the rates are set this way- including any recent rate studies performed for the utility.
 - b. Please provide a copy of previous rate ordinances/structures from the previous five years if you answered yes to Question #2.
 - c. If you have differing rate classes (inside/outside city limits, residential/commercial/industrial, new developments, etc.), please provide justification as to why these rates are set the way they are.
3. Do you have any current plans for a rate change?
Yes or **No** (Circle your answer)
 - a. If yes, please provide a written answer to the following questions:
 - i. Are you planning for a rate increase or decrease?
 - ii. Are you planning this change across all customer classes or only on a certain customer class?
 - iii. Has your Board voted on this rate change yet?
 - iv. If your Board has discussed a rate change at recent meetings, please attach a copy of the relevant minutes at which this meeting took place.
4. Have you had any utility fee changes in the previous five years?
Yes or **No** (Circle your answer)
 - a. Please provide a copy of your current utility fee schedule.
 - b. Please provide a copy of previous utility fee schedules if you answered yes to Question #3.
 - c. Please provide a written rationale for the charges for tap fees, reconnect fees, etc.
5. Has your debt management policy been reviewed in the last 5 years?
Yes or **No** (Circle your answer)
 - a. Please provide a copy of your debt management policy. If you do not have a debt management policy, please provide a written rationale for why a debt management policy has not been adopted.
6. ~~Has~~ your capitalization policy been reviewed in the last 5 years?
Yes or **No** (Circle your answer)
 - a. Please provide a copy of your capitalization policy. If you do not have a capitalization policy, please provide a written rationale for why a capitalization policy has not been adopted.

7. Please provide the most recent 3 months of balance sheets and income statements for your utility.
- If you are a water and wastewater utility and are having difficulty breaking out the accounts, please use percentages or estimate for accounts for the most accurate depiction of the financial status of the utility.
8. Do you have a plan to remedy your financially distressed position for your wastewater fund?

Yes or **No** (Circle your answer)

- If yes, please provide a detailed copy.
- If no, please provide a justification for why not.

9. Who has the authority to set rates and fees?

Answer: The Collinwood Board of Commissioners

- Is this a board or committee separate from your local legislative body? (City Council, Board of Mayor and Alderman, etc.)

Yes or **No** (Circle your answer)

- Please provide a list containing the following information for the aforementioned individuals:

- Name
- Title
- Mailing Address
- Phone Number
- Date of Initial Election or Appointment
- Have they fulfilled their initial 12 hour training requirement within the first year of service, if applicable? Yes or No
- If so, please provide proof that the training requirement has been satisfied.

10. How many total customers do you currently have?

Answer: 389

- Please provide a numerical break-down of the totals for each type of customer:

- Billed - 389
 - Unbilled - 0
 - Metered - 389
 - Unmetered - 0
 - Breakdown by Rate Class (inside, outside, inside residential, inside commercial, outside residential, outside commercial, etc.)
- Residential - 329
Commercial/government - 60
NO outside customers

11. What percentage of your sales do your largest 10 customers account for annually?

(Largest 10 Customer Revenues Total / Total Annual Wastewater Revenue)

Answer: 24%

12. What percentage of your volume do you largest 10 customers account for annually?

(Wastewater Revenue for Largest 10 Customers / Total Wastewater Revenue)

Answer: 24%

13. Do you adjust wastewater bills for customers with water leaks?

Yes or No (Circle your answer)

- a. If yes, how many leak adjustments were performed based on your leak adjustment policy in the last 12 months? What is the cost associated with these leaks?

Answer: 48 Adjusted at a cost of \$5248.12

- a. If yes, please attach a copy of your adjustment policy.
b. If no, please move on to the next question.

14. Have you incurred any new debt during the current fiscal year for your wastewater utility, or do you plan on incurring any debt during the current fiscal year for your water utility?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding the debt.
b. If no, please move on to the next question.

15. Have you received any grants or capital contributions during the current fiscal year for your wastewater utility, or do you plan on receiving any grants or capital contributions during the current fiscal year for your water utility?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding these grants or capital contributions.
b. If no, please move on to the following question.

16. Have you applied for any grants that will be received over the next two years?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding these potential grants.
b. If no, please move on to the following question.

17. Are your customers made aware of the rates and fees you have in place annually?

Yes or No (Circle your answer)

- a. If yes, how is this accomplished?
b. If no, please provide a written justification as to why not.

18. Do you review your capital asset list?

Yes or No (Circle your answer)

- a. If yes, how often is this list reviewed and by whom?
b. If no, please provide a written justification as to why not.

19. Do you keep a copy of your capital asset list on file?

Yes or No (Circle your answer)

20. Excluding any customers on wells, are all of your customers billed based on water usage?

Yes or No (Circle your answer)

- a. If yes, who supplies the usage data, and are there multiple water suppliers for your customers?

Answer: The city does and no other suppliers.

- b. If no, but **some** of your customers are billed based on water usage, then answer the above question regarding usage data, but also provide a written explanation on how these customers are billed that are not billed based on water usage.
- c. If no, and **none** of your customers are based on water usage, then provide a written explanation on how these customers are billed.

21. Do you have any customers on wells?

Yes or No (Circle your answer)

- a. If yes, how are these customers billed?

Answer:

- b. If no, please move on to the following question.

22. Do you have any wastewater customers you classify as wholesale?

Yes or No (Circle your answer)

- a. If yes, please provide the contract(s) with these customer(s) or a detailed explanation as to why a contract does not exist and the rate at which wastewater is treated for this customer?
- b. If no, please move on to the following question.

23. Do you treat your own wastewater?

Yes or No (Circle your answer)

- a. If yes, please provide the following:
 - i. Cost to treat per thousand gallons.
 - ii. The design capacity of your treatment facility and the percentage of the design capacity currently being used.
 - iii. The average operating capacity of your treatment facility.
- b. If no, please provide the following:
 - i. List of entities wastewater is treated by
 - ii. Rates at which wastewater is treated by entity
 - iii. Wastewater treatment contract with these entities, if no contract exists please give an explanation as to why there is no contract.

24. Do you have a plan to improve your infiltration and inflow (I&I)?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation as to how this will be improved along with your current I&I data.
- b. If no, please provide a detailed justification as to why the current I&I does not need to be improved along with your current I&I data.

25. Are there any environmental concerns currently or forthcoming that will put a financial burden on the system?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation as to what the concern or issue is and the extent of the financial burden that will be incurred.
- b. If no, please move on to the next question.

26. In regard to your governing body, how frequently do you meet and what is your practice of providing notice of your meetings?

Answer: Monthly - Advertised on a sign in the City and posted on Facebook.

27. Do you have a sewer use ordinance?

Yes or No (Circle your answer)

- a. If yes, please provide a copy and description of how this is enforced.
- b. If no, please provide a justification for the lack thereof.

Section A: Contact Information

Please provide contact information for the utility by responding to the fields below.

Utility Address Information	
Utility Contact Address Line 1:	City of Collinwood
Utility Contact Address Line 2:	P.O. Box 98
Utility Contact Address City:	Collinwood
Utility Contact Address State:	Tennessee
Utility Contact Address Zip Code:	38450
Contact Person 1 Information	
Contact Person 1 Title:	City Manager
Contact Person 1 Name:	Gary Victory
Contact Person 1 Email Address:	vic@tds.net
Contact Person 1 Phone Number:	931-724-9107
Contact Person 2 Information	
Contact Person 2 Title:	City Recorder
Contact Person 2 Name:	Cindy Kephart
Contact Person 2 Email Address:	kephartc@cityofcollinwood.org
Contact Person 2 Phone Number:	931-724-9107

COLLINWOOD UTILITY USER RATES

Attachment # 1

<u>Deposits:</u>	<u>Owners</u>	<u>Renters</u>
Water Deposit	\$50.00	\$75.00
Water (outside city)	\$75.00	\$125.00
Sewer Deposit	\$50.00	\$75.00
Gas Deposit	\$100.00	\$150.00

****HOMEOWNER IS RESPONSIBLE FOR THE CUSTOMER SIDE OF THE GAS AND/OR WATER METERS.****

Commercial customers must pay a minimum cash deposit in addition to an average of 12 month's usage secured by a letter of credit or cash deposit.

Water Usage Rates: (eff 7/1/2014)

<u>Inside City Limits</u>	
1-2000 gallons	\$18.45
2,001+ gallons	\$ 9.31/per thousand gallons
<u>Outside City Limits</u>	
0-2,000 gallons	\$26.10
2,001+ gallons	\$18.56/per thousand gallons

Sewer Usage Rates:

<u>Residential</u>	
0-2,000 gallons	\$22.95
2,001 +	\$ 8.10/per thousand gallons
<u>Commercial</u>	
0-2,000 gallons	\$39.15
2,001 +	\$10.80/per thousand gallons

Garbage Rates: (eff 7/1/2019)

Residential (Monday AM) \$8.15/mo (Container is provided and remains at residence)

Water Maintenance Fee (eff 7/1/2019) \$5/mo (for water tank maintenance/system upgrades)

Utility bills are mailed on the 20th day of the month. Payment is due the 5th day of the following month (i.e., January 20th bill would be due on February 5). We do allow a 10-day grace period. However; if full payment is not received by the 15th, on the next business day your residence will received a door reminder. There is a \$15.00 fee for the reminder. If your account is not paid (in full) within 48 hours, utility services will be disconnected and your account will be charged an additional \$25.00 disconnect fee. Services will not be re-connected until the account is paid in full.

YOUR FIRST BILL WILL BE MAILED ON _____ AND DUE ON _____.

ORDINANCE NO.03-08-10

An Ordinance Increasing Service Connection Fees (tap fees) for Water, Wastewater, and Natural Gas Service.

Whereas, the City of Collinwood is required by State law to operate utilities as an enterprise fund where sufficient user rates are charged to pay the capital and operating cost of the utility;

Whereas, the City of Collinwood operates water, wastewater, and natural gas as enterprise funds; and

Whereas, present rates are insufficient to pay for the capital and operating costs of the water, wastewater, and natural gas enterprise funds; now therefore

Be It Ordained by the City of Collinwood, Tennessee:

Section 1.

- (A.) The service connection fee for residential water service is increased from \$200.00 to \$500.00.
- (B.) The service connection fee for a 1" water meter hook-up is \$700.00.
- (C.) The service connection fee for a standard 2" water meter set is \$1,200.00.
- (D.) The service connection fee for a 275 gas meter set is increased from \$300.00 to \$650.00.
- (E.) The service connection fee for a 415 gas meter set is \$850.00 plus the cost of the meter.
- (F.) The service connection fee for wastewater service is increased from \$500.00 to \$750.00 for free flow.
- (G.) The service connection fee for wastewater service with pump is \$1,500.00.

Section 2.

The service connection fees for water, wastewater, and natural gas shall become effective on June 10, 2010.

Section 3.

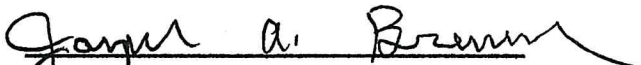
This ordinance shall be effective upon its final passage, the public welfare requiring it.

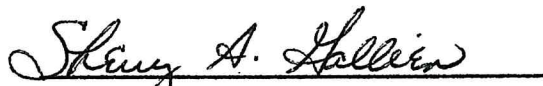
Section 4.

Any ordinance provisions or municipal code provisions in conflict with the herein provisions of this ordinance are repealed.

Passed 1st reading March 8th, 2010.

Passed 2nd reading May 10, 2010.


Jasper A. Brewer, Mayor


Sherry A. Gallien, City Recorder

City of Collinwood

Tennessee

Debt Policy

The purpose of this debt policy is to establish a set of parameters by which debt obligations will be undertaken by the City of Collinwood, TN. This policy reinforces the commitment of the City and its officials to manage the financial affairs of the City so as to minimize risks, avoid conflicts of interest and ensure transparency while still meeting the capital needs of the City. A debt management policy signals to the public and the rating agencies that the City is using a disciplined and defined approach to financing capital needs and fulfills the requirements of the State of Tennessee regarding the adoption of a debt management policy.

The goal of this policy is to assist decision makers in planning, issuing and managing debt obligations by providing clear direction as to the steps, substance and outcomes desired. In addition, greater stability over the long-term will be generated by the use of consistent guidelines in issuing debt.

Definition of Debt: All obligations of the City to repay, with or without interest, in installments and/or at a later date, some amount of money utilized for the purchase, construction, or operation of City resources. This includes but is not limited to notes, bond issues, capital leases, and loans of any type (*whether from an outside source such as a bank or from another internal fund*).

Approval of Debt: Bond anticipation notes, capital outlay notes, grant anticipation notes, and tax and revenue anticipation notes will be submitted to the State of Tennessee Comptroller's Office and the City Board of Commissioners prior to issuance or entering into the obligation. A plan for refunding debt issues will also be submitted to the Comptroller's Office prior to issuance. Capital or equipment leases may be entered into by the City Board of Commissioners; however, details on the lease agreement will be forwarded to the Comptroller's Office on the specified form within 45 days.

Transparency:

- **The City shall comply with legal requirements for notice and for public meetings related to debt issuance.**
- **All notices shall be posted in the customary and required posting locations, including as required local newspapers, bulletin boards, and websites.**
- **All costs (including principal, interest, issuance, continuing, and one-time) shall be clearly presented and disclosed to the**

citizens, City Board of Commissioners, and other stakeholders in a timely manner.

- **The terms and life of each debt issue shall be clearly presented and disclosed to the citizens/members, City Board of Commissioners, and other stakeholders in a timely manner.**
- **A debt service schedule outlining the rate of retirement for the principal amount shall be clearly presented and disclosed to the citizens/members, City Board of Commissioners, and other stakeholders in a timely manner.**

Role of Debt:

- Long-term debt shall not be used to finance current operations. Long-term debt may be used for capital purchases or construction identified through the capital improvement, regional development, transportation, or master process or plan. Short-term debt may be used for certain projects and equipment financing as well as for operational borrowing; however, the City will minimize the use of short-term cash flow borrowings by maintaining adequate working capital and close budget management.
- In accordance with Generally Accepted Accounting Principles and state law,
 1. The maturity of the underlying debt will not be more than the useful life of the assets purchased or built with the debt, not to exceed 30 years; however, an exception may be made with respect to federally sponsored loans, provided such an exception is consistent with law and accepted practices.
 2. Debt issued for operating expenses must be repaid within the same fiscal year of issuance or incurrence.

Types and Limits of Debt:

- The City will seek to limit total outstanding debt obligations to twenty (20) percent of assessed value of the City, excluding overlapping debt, enterprise debt, and revenue debt.
- The limitation on total outstanding debt must be reviewed prior to the issuance of any new debt.
- The City's total outstanding debt obligation will be monitored and reported to the City Board of Commissioners by the City Manager. The City Manager shall monitor the maturities and terms and conditions of all obligations to ensure compliance. The City Manager shall also report to the City Board of Commissioners any matter that adversely affects the credit or financial integrity of the City.
- The City is authorized to issue General Obligation bonds, Revenue bonds, TIFs, loans, notes and other debt allowed by law.
- The City will seek to structure debt with level or declining debt service payments over the life of each individual bond issue or loan.

- As a rule, the City will not backload, use “wrap-around” techniques, balloon payments or other exotic formats to pursue the financing of projects. When refunding opportunities, natural disasters, other non-general fund revenues, or other external factors occur, the City may utilize non-level debt methods. However, the use of such methods must be thoroughly discussed in a public meeting and the mayor and governing body must determine such use is justified and in the best interest of the city.
- The City may use capital leases to finance short-term projects.
- Bonds backed with a general obligations pledge often have lower interest rates than revenue bonds. The City may use its General Obligation pledge with revenue bond issues when the populations served by the revenue bond projects overlap or significantly are the same as the property tax base of the City. The City Board of Commissioners and management are committed to maintaining rates and fee structures of revenue supported debt at levels that will not require a *subsidy from the City’s General Fund*.

Use of Variable Rate Debt:

- The City recognizes the value of variable rate debt obligations and that cities have greatly benefitted from the use of variable rate debt in the financing of needed infrastructure and capital improvements.
- However, the City also recognizes there are inherent risks associated with the use of variable rate debt and will implement steps to mitigate these risks; including:
 1. The City will annually include in its budget an interest rate assumption for any outstanding variable rate debt that takes market fluctuations affecting the rate of interest into consideration.
 2. Prior to entering into any variable rate debt obligation that is backed by insurance and secured by a liquidity provider, the City Board of Commissioners shall be informed of the potential affect on rates as well as any additional costs that might be incurred should the insurance fail.
 3. Prior to entering into any variable rate debt obligation that is backed by a letter of credit provider, the City Board of Commissioners shall be informed of the potential affect on rates as well as any additional costs that might be incurred should the letter of credit fail.
 4. Prior to entering into any variable rate debt obligation, the City Board of Commissioners will be informed of any terms, conditions, fees, or other costs associated with the prepayment of variable rate debt obligations.
 5. The City shall consult with persons familiar with the arbitrage rules to determine applicability, legal responsibility, and potential consequences associated with any variable rate debt obligation.

Use of Derivatives:

- The City chooses not to use derivative or other exotic financial structures in the management of the City's debt portfolio.
- Prior to any reversal of this provision:
 1. A written management report outlining the potential benefits and consequences of utilizing these structures must be submitted to the City Board of Commissioners; and
 2. The City Board of Commissioners must adopt a specific amendment to this policy concerning the use of derivatives or interest rate agreements that complies with the State Funding Board Guidelines.

Costs of Debt:

- All costs associated with the initial issuance or incurrence of debt, management and repayment of debt (including interest, principal, and fees or charges) shall be disclosed prior to action by the City Board of Commissioners in accordance with the notice requirements stated above.
- In cases of variable interest or non-specified costs, detailed explanation of the assumptions shall be provided along with the complete estimate of total costs anticipated to be incurred as part of the debt issue.
- Costs related to the repayment of debt, including liabilities for future years, shall be provided in context of the annual budgets from which such payments will be funded(i.e. General Obligations bonds in context of the General Fund, Revenue bonds in context of the dedicated revenue stream and related expenditures, loans and notes).

Refinancing Outstanding Debt:

- The City will refund debt when it is in the best financial interest of the City to do so, and the Chief Financial Officer shall have the responsibility to analyze outstanding bond issues for refunding opportunities. The decision to refinance must be explicitly approved by the governing body, and all plans for current or advance refunding of debt must be in compliance with state laws and regulations.
- The Chief Financial Officer will consider the following issues when analyzing possible refunding opportunities:
 1. Onerous Restrictions – Debt may be refinanced to eliminate onerous or restrictive covenants contained in existing debt documents, or to take advantage of changing financial conditions or interest rates.
 2. Restructuring for Economic Purposes – The City will refund debt when it is in the best financial interest of the City to do so. Such refunding may include restructuring to meet unanticipated revenue expectations, achieve cost savings, mitigate irregular debt service payments, or to release reserve funds. Current refunding opportunities may be considered by the Chief Financial Officer if the refunding generates positive present value savings, and the

- Chief Financial Officer must establish a minimum present value savings threshold for any refinancing.
3. **Term of Refunding Issues** – The City will refund bonds within the term of the originally issued debt. However, the Chief Financial Officer may consider maturity extension, when necessary to achieve a desired outcome, provided such extension is legally permissible. The Chief Financial Officer may also consider shortening the term of the originally issued debt to realize greater savings. The remaining useful life of the financed facility and the concept of inter-generational equity should guide this decision.
 4. **Escrow Structuring** – The City shall utilize the least costly securities available in structuring refunding escrows. Under no circumstances shall an underwriter, agent or financial advisor sell escrow securities to the City from its own account.
 5. **Arbitrage** – The City shall consult with persons familiar with the arbitrage rules to determine applicability, legal responsibility, and potential consequences associated with any refunding.

Professional Services:

The City shall require all professionals engaged in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by both the City and the lender or conduit issuer, if any. This includes “soft” costs or compensations in lieu of direct payments.

- **Counsel:** The City shall enter into an engagement letter agreement with each lawyer or law firm representing the City in a debt transaction.
- **Financial Advisor:** The City shall enter into a written agreement with each person or firm serving as financial advisor in debt management and transactions.
 1. **In a competitive sale, the financial advisor shall not be permitted to bid on an issue for which they are or have been providing advisory services.**
 2. **In a publicly offered, negotiated sale, the financial advisor (*either*):**
 - **shall not be permitted to resign as financial advisor in order to underwrite an issue for which they are or have been providing advisory services; or**
 - **may resign as financial advisor only in advance of negotiations in order to underwrite an issue for which they are or have been providing advisory services.**
- **Underwriter:** In advance of pricing of the debt in a publicly offered, negotiated sale, the underwriter must provide pricing information both as to interest rates and to takedown per

maturity to the City Board of Commissioners or the City Manager.

Conflicts:

- **Professionals involved in a debt transaction hired or compensated by the City shall be required to disclose to the City existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, liquidity or credit enhancement provider, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow the City to appreciate the significance of the relationships.**
- **Professionals who become involved in the debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform are not subject to this disclosure. No disclosure is required that would violate any rule or regulation of professional conduct.**

Review of Policy:

This policy shall be reviewed at least annually by the City Board of Commissioners with the approval of the annual budget. Any amendments shall be considered and approved in the same process as the initial adoption of this Policy, with opportunity for public input.

Compliance:

The City Manager is responsible for ensuring compliance with this policy.

TCA References: TCA 7, Part 9 – Contracts, Leases, and Lease Purchase Agreements

TCA 9, Part 21 – Local Government Public Obligations Law

Approved and Entered in the minutes of the City of Collinwood Meeting this 14th day of November, 2011.

Mayor:

Jay A. Brewer

Attested:

City Recorder:

Shary A. Galbin

RESOLUTION 20160630A TO SET THRESHOLD FOR CAPITALIZATION
FOR THE CITY OF COLLINWOOD

WHEREAS this Resolution establishes a threshold that dictates when expenditures may be capitalized in accordance with generally accepted accounting principles.

WHEREAS the City needs to establish a threshold for each asset class in order to maintain effective managerial control.

THEREFORE the City resolves that these dollar levels set the thresholds that apply to these asset classes:

<u>Capital Asset</u>	<u>Capitalize and Depreciate</u>
Land and Land Improvements	\$1 and above-capitalize only
All other capital assets Including Buildings, Machinery and Equipment, Vehicles and Infrastructure	\$10,000

This resolution will take effect immediately upon passage.



James Glenn Brown, Mayor



Cynthia Kephart, City Recorder

MONTHLY STATEMENT OF CONDITION OF FUND ACCOUNTS

FOR THE MONTH OF MAY, 2020

	110 City General	120 Drug Fund	121 Street Aid Fund	131 Sanitation Fund	411 Water Fund	412 Sewer Fund	415 Natural Gas Fund	312 RAILROAD RENOVATION PROJECT FUND	Payroll	CDBG
Bank Cash Balance End of Month	332,880.77	9,102.80	52,983.07	57,849.21	247,571.84	239,688.49	292,402.22	961.17	4,419.43	2.72
Checks Outstanding 1st of Month	-3,464.25	0.00	0.00	0.00	-2,383.08	-94.10	-145.32	0.00	-4,419.43	0.00
Funds on Books 1st of Month	329,416.52	9,102.80	52,983.07	57,849.21	245,188.76	239,594.39	292,256.90	961.17	0.00	2.72
Receipts for Month	57,128.66	0.00	2,998.73	7,305.29	60,633.52	18,103.30	19,199.03	0.00	34,161.87	0.00
Checks Issued for Month	-64,395.85	0.00	-1,514.81	-7,688.79	-70,431.03	-8,153.48	-14,892.86	0.00	-34,161.87	0.00
Interest on Funds	82.56	2.32	17.95	14.72	61.23	63.06	75.70	0.24	0.00	0.00
Debit Transfer (-)	0.00	0.00	0.00	0.00	-28.00	0.00	0.00	0.00	0.00	0.00
Credit Transfer (+)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fund Cash End of Month	322,231.89	9,105.12	54,484.94	57,480.43	235,424.48	249,607.27	296,638.77	961.41	0.00	2.72
O/S Checks end of month.	2,270.62	0.00	0.00	0.00	271.61	160.59	117.14	0.00	1,684.63	0.00
Bank Cash Balance End of Month	324,502.51	9,105.12	54,484.94	57,480.43	235,696.09	249,767.86	296,755.91	961.41	1,684.63	2.72

MONTHLY STATEMENT OF CONDITION OF FUND ACCOUNTS

FOR THE MONTH OF JUNE, 2020

	110 City General	120 Drug Fund	121 Street Aid Fund	131 Sanitation Fund	411 Water Fund	412 Sewer Fund	415 Natural Gas Fund	312 RAILROAD RENOVATION PROJECT FUND	Payroll	CDBG
Bank Cash Balance End of Month	324,502.51	9,105.12	54,484.94	57,480.43	235,696.09	249,767.86	296,755.91	961.41	1,684.63	2.72
Checks Outstanding 1st of Month	-2,270.62	0.00	0.00	0.00	-271.61	-160.59	-117.14	0.00	-1,684.63	0.00
Funds on Books 1st of Month	322,231.89	9,105.12	54,484.94	57,480.43	235,424.48	249,607.27	296,638.77	961.41	0.00	2.72
Receipts for Month	66,178.60	403.75	1,980.79	46,004.19	155,864.99	16,551.58	12,633.44	0.00	37,870.30	0.00
Checks Issued for Month	-84,506.54	0.00	-12,985.79	-6,745.75	-101,634.46	-81,268.11	-9,994.24	0.00	-37,991.62	0.00
Interest on Funds	78.57	2.29	17.20	14.43	62.13	62.00	73.86	0.24	0.00	0.00
Debit Transfer (-)	0.00	0.00	0.00	0.00	-28.10	0.00	0.00	0.00	0.00	0.00
Credit Transfer (+)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fund Cash End of Month	303,982.52	9,511.16	43,497.14	96,753.30	289,689.04	184,952.74	299,351.83	961.65	-121.32	2.72
O/S Checks end of month.	11,406.23	0.00	2,104.00	0.00	1,795.90	91.09	173.43	0.00	4,137.79	0.00
Bank Cash Balance End of Month	315,388.75	9,511.16	45,601.14	96,753.30	291,484.94	185,043.83	299,525.26	961.65	4,016.47	2.72

Attachment #9

MONTHLY STATEMENT OF CONDITION OF FUND ACCOUNTS

FOR THE MONTH OF JULY, 2020

	110 City General	120 Drug Fund	121 Street Aid Fund	131 Sanitation Fund	411 Water Fund	412 Sewer Fund	415 Natural Gas Fund	312 RAILROAD RENOVATION PROJECT FUND	Payroll	CDBG
Bank Cash Balance End of Month	315,388.75	9,511.16	45,601.14	96,753.30	291,484.94	185,043.83	299,525.26	961.65	4,016.47	2.72
Checks Outstanding 1st of Month	-11,406.23	0.00	-2,104.00	0.00	-1,795.90	-91.09	-173.43	0.00	-4,137.79	0.00
Funds on Books 1st of Month	303,982.52	9,511.16	43,497.14	96,753.30	289,689.04	184,952.74	299,351.83	961.65	-121.32	2.72
Receipts for Month	234,432.83	0.00	0.00	7,820.23	81,757.98	14,768.29	7,574.74	0.00	36,502.28	0.00
Checks Issued for Month	-293,190.82	0.00	-1,444.03	-57,745.75	-80,178.95	-54,997.82	-60,930.37	0.00	-36,380.96	0.00
Interest on Funds	78.95	2.42	14.85	24.66	76.03	48.34	75.73	0.24	0.00	0.00
Debit Transfer (-)	0.00	0.00	0.00	0.00	-28.20	0.00	0.00	0.00	0.00	0.00
Credit Transfer (+)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fund Cash End of Month	245,303.48	9,513.58	42,067.96	46,852.44	291,315.90	144,771.55	246,071.93	961.89	0.00	2.72
O/S Checks end of month.	214,895.63	0.00	0.00	0.00	9,757.00	100.00	127.16	0.00	767.73	0.00
Bank Cash Balance End of Month	460,199.11	9,513.58	42,067.96	46,852.44	301,072.90	144,871.55	246,199.09	961.89	767.73	2.72

Section B: Wastewater Utility Information

Attachment Number: 10

No official plan is in writing, however, we are always looking into ways to improve our wastewater fund and feel we are going in the right direction. The fund owed other funds and had a lot of debt in the past. We have been working very hard to remedy these situations. One debt has been paid off and a second debt will be paid by March 31, 2020. We have been paying back other funds and owed the water fund \$170,000.00 at the start of the previous fiscal year and made a payment of \$70,000.00 from the sewer fund to the water fund on June 30, 2020 leaving the balance of \$100,000.00. We will continue to work to find ways to improve our fund and hope to have all funds paid back within two years.

CITY OF COLLINWOOD, TN
 Schedule of Long-term Debt (cont'd)
 06-30-2020

NOTES AND
 BONDS FOR
 FY 19-20

NOTES AND BONDS FOR FY 19-20	Public Health Loan (Water) 1.55%		TN Div. Bond Fin. (Sewer) 1.85%		Bank of Collinwood Water 1.49%		Sewer Fund Improvement Loan 1.82%		Bank of Collinwood		Business Type Activities		Gov and Business Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020-2021	5,324	15	40,066	308	25,000	762	5,923	1,128	76,313	2,213	91,313	3,226		
2021-2022	0	0	0	0	0		6,119	933	6,119	933	21,119	1,608		
2022-2023	0	0	0	0	0		6,319	733	6,319	733	21,319	1,071		
2023-2024	0	0	0	0	0		6,529	523	6,529	523	6,529	733		
2024-2025	0	0	0	0	0		6,744	307	6,744	307	6,744	523		
2025-2026	0	0	0	0	0		5,776	86	5,776	86	5,776	86		
	5,324	15	40,066	308	25,000	762	37,410	3,710	107,800	4,795	152,800	7,247		

CITY OF COLLINWOOD COMMISSIONER LIST
NOVEMBER 2018

JAMES GLENN BROWN, MAYOR (11/9/12)
227 DANIEL CIRCLE
COLLINWOOD, TN 38450
(931)724-2445/home; (931)722-0960/cell

✓ DANNY SANDUSKY, VICE-MAYOR (11/9/98)
304 HWY 13 NORTH/ PO BOX 41
COLLINWOOD, TN 38450
(931)722-8475/cell

✓ WILLIAM "BUTCH" KEPHART (11/4/14)
408 WEST MARTIN RD.
COLLINWOOD, TN 38450
(931)724-9641/home; (931)332-4742/cell

JEREMIAH STULTS (11/14/16)
245 FIRST AVE. SOUTH
COLLINWOOD, TN 38450
(931)722-4584/home

DEBIE PIGG (11/14/16)
101 N. BEECH ST./ 911 BEAR CREEK RD.
COLLINWOOD, TN 38450
(931)724-9371/home; (931)722-4514/cell

#11

CERTIFICATE OF COMPLETION

William Butch Kephart

has completed

Utility Board Member Training - Module A

This course provided 4 hour(s) of CPE / CLE, Other.

4/29/2019



Municipal Technical Advisory Service
INSTITUTE FOR PUBLIC SERVICE

CERTIFICATE OF COMPLETION

William Butch Kephart

has completed

Utility Board Member Training - Module B

This course provided 4 hour(s) of CPE / CLE, Financial.

4/30/2019



Municipal Technical Advisory Service
INSTITUTE for PUBLIC SERVICE

#11

CERTIFICATE OF COMPLETION

William Butch Kephart

has completed

Utility Board Member Training - Module C

This course provided 4 hour(s) of CPE / CLE, Other.

4/30/2019



Municipal Technical Advisory Service
INSTITUTE for PUBLIC SERVICE

#11

CERTIFICATE OF COMPLETION

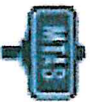
Danny Sandusky

has completed

Utility Board Member Training - Module A

This course provided 4 hour(s) of CPE / CLE, Other.

4/18/2019



Municipal Technical Advisory Service
INSTITUTE for PUBLIC SERVICE

4/30/19

CERTIFICATE OF COMPLETION

Danny Sandusky

has completed

Utility Board Member Training - Module B

This course provided 4 hour(s) of CPE / CLE, Financial.

4/30/2019



Municipal Technical Advisory Service
INSTITUTE for PUBLIC SERVICE

#11

CERTIFICATE OF COMPLETION

Danny Sandusky

has completed

Utility Board Member Training - Module C

This course provided 4 hour(s) of CPE / CLE, Other.

4/30/2019



Municipal Technical Advisory Service
INSTITUTE for PUBLIC SERVICE

Section B: Wastewater Utility Information

Attachment Number: 13

We do not have a written policy on leak adjustments, however we do adjust wastewater on water leaks. The adjustment is 50% off of the water and then the sewer is figured on the remaining portion of the water used. We adjusted 48 wastewater bills at a cost of \$5248.12.

Section B: Wastewater Utility Information

Attachment Number: 17

The rates and fees are listed on our website and also posted in the city hall.

Section B: Wastewater Utility Information

Attachment Number 19

**The usage data comes from the city when we read our water meters at the first of the month.
We are the only supplier of water for our customers.**

Section B: Wastewater Utility Information

Attachment Number: 21

We are a Biological Natural System and have not been treating our wastewater. We have irrigation spray fields and do not release into any stream or river. We perform the required testing and our test results are within our permit guidelines.

The design capacity is .1 MGD. The percentage of use varies depending on weather conditions and usage but normally runs between 50 and 60 percent.

Section B: Wastewater Utility Information

Attachment Number: 22

We currently do not have a plan to improve our infiltration and inflow. We have taken steps in the past to improve this such as seals in manholes and trying to seal up around some septic tanks. We know this is a problem and have discussed it but no action has been taken yet. We don't have any I & I data that I am aware of.

AMENDMENT TO ORDINANCE NO. 13

As set forth in Section 13-216, Amendments of Ordinance No. 13 adopted by the City of Collinwood, Tennessee on April 14, 1994, the following amendments are made to Ordinance No. 13.

13-201 GENERAL PROVISIONS

13-201.2 DEFINITIONS

Add the following definition.

"Septic Tank" - shall mean a watertight tank with effluent filter accepting and partially treating waste from any contributor to the POTW.

13-202 USE OF PUBLIC SEWERS REQUIRED

13-204.4 Revise as follows:

A separate and independent building sewer shall be provided for every building. Discharge from the building sewer shall be to a septic tank. Tank shall meet the requirements set forth in 13-218 SEPTIC TANK REQUIREMENTS. Discharge from the septic tank effluent shall be into the City Sanitary Sewer.

13-204.5 Revise as follows:

Old building sewers may be used in connection with new buildings only when they are found, upon examination and test by the City, to meet all requirements of this Ordinance. Old septic tanks shall be watertight or replaced with new watertight septic tanks meeting the requirements of 13-218 SEPTIC TANK REQUIREMENTS.

13-204.13 Revise as follows:

All cafes, restaurants, hotels, or food preparation establishments shall install a 750 gallon (minimum) grease trap on the kitchen waste line. The grease trap must precede the septic tank on the kitchen waste line. The grease trap must be designed in accordance with current engineering standards and shall be easily accessible for cleaning. Grease traps shall be cleaned periodically by the Owner or operator of the facility. Failure to make periodic cleanings which results in a stoppage of the City sewer system shall constitute a misdemeanor. If the City employees are required to clean out the City sewer lines as a result of a stoppage

due to a clogged grease trap, the property owner or operator shall be further required to pay the costs of the City labor and materials required to clean out the sewer lines.

13-281 SEPTIC TANK REQUIREMENTS

13-218.1 QUALITY ASSURANCE

- A. **Manufacturer's Qualifications:** Firms regularly engaged in manufacture of septic system's products of types, materials, and sizes required, whose products have been in satisfactory use in similar service for not less than 5 years. Manufacturers must provide a guarantee that the tanks will not leak for period of one (1) year after installation due to a product related problem.
- B. **Installer's Qualifications:** Firm with at least 3 years of successful installation experience on projects with septic systems work similar to that required for project.
- C. **Plumbing Code Compliance:** Comply with applicable portions of National Standard Plumbing Code pertaining to selection and installation of septic system's materials and products.
- D. **Health Department Compliance:** Comply with applicable portions of local Health Department regulations pertaining to septic systems, for design, construction, inspection and approval.

13-218.2 IDENTIFICATION

- A. **Underground-Type Plastic Liner Marker:** Manufacturer's standard, permanent, bright-colored, continuous-printed plastic tape, intended for direct-burial service; not less than 6" wide x 4 mils thick. Provide green tape with black printing reading "CAUTION SEWER LINE BELOW".

13-218.3 SEPTIC TANK

- A. All septic tanks shall hold 1,000 gallons or more.
- B. Septic tanks shall be constructed from precast reinforced concrete or high density polyethelene. Concrete used to construct septic tanks shall be 3,000 psi compressive strength. Welded wire fabric used to reinforce the septic tanks shall be 4 x 4 (*W3.5 x W3.5). Welded wire fabric shall be placed in all faces and shall overlap not less than 4 inches along all corners.
- C. **Seal Coating:** All concrete septic tank surfaces shall be sealed with two penetrating coatings of an inorganic polymer such as Durpal-H. After the polymer sealant has cured, two coats of a Portland cement slurry which consist of Portland cement, finely graded minimal fillers and inorganic co-

polymer additives shall be applied to all surfaces. One coat shall be grey. The final coat shall be white. Portland sealant products shall be Drycon Grey and Drycon White or approved equals.

- D. Joint Sealant: All joints shall be sealed with an approved flexible plastic gasket similar to Ram-Nek.
- E. Each septic tank shall come equipped with a high density polyethelene or fiber reinforced plastic (fiberglass) access box. The box shall have an opening of not less than 10-inches by 15-inches and be equipped with a bolt down lid. The lid shall be constructed from the same material as the main box body. All bolts and threaded inserts shall be manufactured from stainless steel. All boxes shall be a 10 x 15 box, model number B30-1015-12 as manufactured by CDR Systems Corporation of Ormond Beach, Florida or approved equal.
- F. Each septic tank shall be equipped with an inlet and an outlet fitting. The fittings shall be manufactured from (SDR 35) PVC. The fittings shall be connected to the septic tank using a KOR-N-SEAL boot or another approved connection device.
- G. Each septic tank shall be provided with one (1) effluent filter. Filter shall be positioned beneath the access box. Filter shall be Orenco Model 0842 or approved equal.

13-218.4

TESTING PROCEDURES

- A. To insure that each tank has been satisfactorily manufactured and waterproofed, each tank shall be tested at the location of manufacture. Test each tank by completely filling the tank with water. After letting the water stand in the tank for two hours, the tank shall be filled with water to compensate for any water that may have leaked from the tank or been absorbed by the tank. After an additional 22 hours the water level in the tank shall be measured. If the water level in the tank has dropped more than 2-inches, the tank will be considered unacceptable and must be rejected. If a tank passes this test, the manufacturer shall prepare a statement of certification which clearly indicates the tested tanks have successfully passed this hydrostatic test.
- B. To ensure that each tank is installed properly, each tank shall be hydrostatically tested using the following test procedure:
 - 1. After a tank has been set but not backfilled, fill the tank with water to top of its access box.
 - 2. After two hours top the tank off.
 - 3. After 24 hours measure the water level with the tank.
 - 4. If the level within the tank drops more than 2 inches, replace the tank with a new tank and repeat the hydrostatic testing process.

The tank installer must certify that each tank has been tested and passed the certification test.

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13-218.5 IDENTIFICATION

- A. The top and one sidewall of each tank must be marked with a unique alpha/numeric code. This code must appear on all hydrostatic test results.

13-218.6 INSTALLATION OF SEPTIC TANK

- A. General: Install as indicated, and in accordance with manufacturer's installation instructions.
- B. Place a strip of metallic detection tape approximately 6 to 8 inches below the ground and above the tank to indicate the location of the tank.
- C. Place the tank so that it is level and will not be more than 12-inches below the ground surface after installation is complete. If set on in-situ material, compact this material to 95% of the Standard Proctor. A 6-inch layer of crushed stone or sand may be substituted for compaction of in-situ material.
- D. Excavated material may be used to backfill around the tank. Backfill shall be placed in 12-inch lifts and hand tamped using an appropriate tamping device. Mechanical compaction of backfill material shall not be used.
- E. Seeding: Seed septic tank with sewage sludge, fill tank with clear water.

13-219 ORDINANCE IN FORCE

This ordinance amendment shall be in full force and effect from and after its passage, approval, recording, the public welfare requiring it.

This the 27 day of September, 1994.

1st Reading 9-12-94
 2nd Reading 9-26-94
 Final Reading 9-27-94

APPROVED AS TO FORM AND LEGALITY

ATTEST:

Willodion Hill
 City Recorder

James D. [Signature]
 Mayor





JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Entity Referred: **City of Erin**
Referral Reason: **Negative Change in Net Position**
Utility Type Referred: **Water and Sewer**

Staff Summary:

The City was referred to the Board for financial distress on June 23, 2020. The City's financial questionnaire was returned timely and is attached.

The City has signed an engagement letter with TAUD to perform a rate study.

Staff Recommendation:

1. By December 31, 2020, the City shall send Board staff proof that all members of the utility system's governing body have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
2. By April 1, 2021, the City shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
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 City.



City of Erin

P.O. BOX 270
ERIN, TENNESSEE 37061



931-289-4108
Fax: 931-289-5436

September 9, 2020

lperin@peoplestel.net

TN Comptroller of the Treasury
Attention: John Greer / Ross Colona
Cordell Hull Building
425 Fifth Avenue North
Nashville, TN 37243

RE: City of Erin

Mr. Greer / Colona:

Attached you will find the questionnaire and supporting documentation that has been requested by your office concerning the City of Erin being referred to the Water & Wastewater Financing Board for financial distress pursuant to Tennessee Code Annotated 68-221-1010(a).

Section A: Contact Information

Utility Address Information

Utility Contact Address Line 1: 15 Hill Street
Utility Contact Address Line 2: P.O. Box 270
Utility Contact Address City: Erin
Utility Contact Address State: Tennessee
Utility Contact Address Zip Code: 37061

Contact Person 1 Information

Contact Person 1 Title: Mayor
Contact Person 1 Name: Paul Bailey
Contact Person 1 Email Address: cityoferin@outlook.com
Contact Person 1 Phone Number: 931.289.4108

Contact Person 2 Information

Contact Person 2 Title: City Recorder
Contact Person 2 Name: Angela Neilson
Contact Person 2 Email Address: lperin@peoplestel.net

Contact Person 2 Phone Number: 931.289.4108

Section B: Water Utility Information

- 1) Does your utility offer water? YES or NO
- 2) Have you had any rate changes in the previous five years? YES or NO
 - a. Please provide a copy of your current rate ordinance/structure and the justification for why the rates are set this way – including any recent rate studies performed for the utility. Copy of current rate ordinance / structure is attached. The City of Erin is currently working with TAUD to perform a rate study for both the water and sewer utilities. Up until this point, justification for the current structure is unknown other than the previous City Recorder did a comparison of the rates in the surrounding counties.
 - b. Please provide a copy of previous rates if answered yes above. Same as A. above
 - c. If you have differing rate classes (inside/outside city limits, residential/commercial/industrial, new developments, etc.), please provide justification as to why these rates are set the way they are. We do not have justification. This is the way it has been done until this point.
- 3) Do you have any plans for a rate change? YES or NO
 - a. If yes explain
 - i. Are you planning for a rate increase or decrease? We are currently working with TAUD to conduct a Water and Sewer rate study for the entire system including the whole-sale rates for the City of Tennessee Ridge and the Town of Cumberland City. We are anticipating a rate increase to all rates in both the water and the sewer utilities.
 - ii. Are you planning this change across all customer classes or only on a certain customer class? The anticipated rate increases will apply to all customer classes and meter sizes. We are waiting for the results of the rate study from TAUD for finalization.
 - iii. Has your Board voted on this rate change yet? The Board of Mayor and Alderman approved the initiation of the rate study during the August 4, 2020 Regular Board Meeting. The rate study from TAUD is anticipated to take 2 to 3 months to complete. Once the study is complete, it will be presented to the Board for approval and the new rates will be implemented.
 - iv. If your Board has discussed a rate change at recent meetings, please attach a copy of the relevant minutes at which this meeting took place. August minutes are attached.
- 4) Have you had any utility fee changes in the previous five years? YES or NO
 - a. Please provide a copy of your current utility fee schedule. A copy of the current fee schedule is attached.
 - b. Please provide a copy of previous utility fee schedules if you answered yes to Question #3. A copy of the previous fee schedule is attached.
 - c. Please provide a written rationale for the charges for tap fees, reconnect fees, etc. Charges for tap fees, reconnect fees, etc. were based on cost at the time. The City is

currently working with TAUD and are reviewing all fees associated with the water and the sewer departments to determine if they are adequate to meet the needs of the City.

- 5) Has your debt policy been reviewed in the last 5 years? YES or NO
 - a. Please provide a copy of your debt management policy. A copy of the Debt Policy is attached

- 6) Has your capitalization policy been reviewed in the last 5 years? YES or NO
 - a. A copy of the Capitalization Policy and the Resolution to set thresholds is attached.
 - i. Upon review, we are aware of the need for a more formal policy and we will rely on TAUD to assist us with this policy update.

- 7) Please provide the most recent balance sheet and income statements for the Water fund.
 - a. If you are a water and wastewater utility and are having difficulty breaking out the accounts, please use percentages or estimate of account for the most accurate depiction of the financial status of the utility. Balance Sheet for Water and Sewer, summary Financial Statement for Water and Sewer, Trial Balance for Water and Sewer, Statement of Revenue and Statement of Expenses for Water and Sewer for June, July and August are attached. Our software does not generate an "income statement" as we do not use the cost center portion.

- 8) Do you have a plan to remedy your financially distressed position for your water fund? YES or NO
 - a. If yes, please provide a detailed copy. We are currently working with TAUD to review our rates and structures in both the Water and Sewer System and to evaluate and recommend a rate structure to meet the needs of the utility systems of the City of Erin. TAUD will also assist us in developing a 5-year plan for expenses and revenue based on capital improvements and maintenance needs. The City is currently reviewing the current charge schedule for all residential, commercial and industrial users to be sure the rates for cut-offs, turn-ons, late fees, connection-fees, tap fees, road bore, etc. are adequate for the City.

- 9) Who has the authority to set rates and fees? The Board of Mayor and Alderman
 - a. Is this a board or committee separate from our local legislative body? YES or NO
 - b. Please provide a list containing the following information for the aforementioned individuals: See Attached List.
 - i. Name
 - ii. Title
 - iii. Mailing Address
 - iv. Phone number
 - v. Date of Initial Election or Appointment
 - vi. Have they fulfilled their initial 12-hour training requirement within the first year of service, if applicable? Yes or No Except for the 2 Alderman elected on August 6, 2020. Training Certificates of the others are attached.

- 10) How many total customers do you currently have? 2387 Average
 - a. Please provide a numerical break-down of the totals for each type of customer:

- i. Billed All customers are billed.
- ii. Unbilled None except for a random farmer less than 3 times per year
- iii. Metered All water customers are metered
- iv. Unmetered We do not have any water customers that are unmetered.
- v. Breakdown by Rate Class (inside, outside, inside residential, inside commercial, outside residential, outside commercial, etc.) Print out from utility billing software is attached

11) What percentage of your sales do your largest 10 customers account for annually?
(Largest 10 Customer Sales Total / Total Annual Water Sales)

$214,885.56 / 1,367,541.37 = 16\%$

12) What percentage of your volume do your largest 10 customers account for annually?
(Gallons of Water sold to Largest 10 Customers / Total Gallons of Water Sold)

$61,385,594 / 171,187,490 = 36\%$

13) Do you have a leak adjustment policy? YES or NO

a. If yes, how many leak adjustments were performed based on your leak adjustment policy in the last 12 months? 102 What is the cost associated with these leaks? \$19,783.27

b. If yes, please attach a copy of your leak adjustment policy. We will work with TAUD to update the policy. The current policy is attached.

c. If no, please move on to the next question.

14) Have you incurred any new debt during the current fiscal year for your water utility, or do you plan on incurring any debt during the current fiscal year for your water utility? YES or NO

a. If yes, please provide a detailed explanation regarding the debt.

b. If no, please move on to the next question.

15) Have you received any grants or capital contributions during the current fiscal year for your water utility, or do you plan on receiving any grants or capital contributions during the current fiscal year for your water utility? YES or NO

a. If yes, please provide a detailed explanation regarding these grants or capital contributions. The City of Erin is working with TVA to install approximately 15,400 liner feet of new 6-inch water line from the City of Erin main line on Hwy 149 to the TVA Coal Ash Landfill Site on Old Scott Road. TVA will reimburse the City of Erin for all expenses incurred with this project. A copy of the agreement is attached.

b. If no, please move on to the following question.

16) Have you applied for any grants that will be received over the next two years? YES or NO

a. If yes, please provide a detailed explanation regarding these potential grants.

b. If no, please move on to the following question.

17) Are your customers made aware of the rates and fees you have in place annually? YES or NO

a. If yes, how is this accomplished? The ordinance to change rates would be read on two readings at the Regular Board meetings, a public hearing would be held before the second reading. This information would be published in the local newspaper, posted on the City of Erin website and social media. Our local newspaper attends most meetings and writes

articles about each meeting also. Publications are based on State guidelines, MTAS guidance.

b. If no, please provide a written justification as to why not.

18) Do you review your capital asset list? YES or NO

a. If yes, how often is this list reviewed and by whom? Annually by the City of Erin staff and the Auditor. See Attached

b. If no, please provide a written justification as to why not.

c. Please provide a copy of your capital asset plan, or a justification as to why you do not have one. We are currently working with TAUD to develop a 5-year capital asset plan along with the review of our water and sewer systems.

19) Do you keep a copy of your capital asset list on file? YES or NO

20) Do you produce your own water supply? YES or NO

a. If yes, what is the cost per thousand gallons to produce? \$2.097 per Info Attached per the Auditor

b. If no, please move on to the next question.

21) Do you purchase your water supply? YES or NO

a. If yes, please provide the following:

i. List of entities water is purchased from: Vanleer Water Works

ii. Rates at which water is purchased at: \$ 8.50 / 1,000 gallons

iii. Water purchase contract with these entities, if no contract exists please give an explanation as to why there is no contract. The City of Erin receives supplement water from Vanleer Water. Because of the terrain and hydraulics of our system, we do not have enough pressure to service an estimated 12 customers located at the Dickson County / Houston County line area. We are treated as a regular customer and billed in the same manner as all other customers. A copy of the invoices is attached.

b. If no, please move on to the following question.

22) Do you have any wholesale customers? YES or NO

a. If yes, please provide the contract(s) with these customer(s) or a detailed explanation as to why a contract does not exist and the rate at which water is sold to this customer.

i. Town of Cumberland City \$2.05 / 1,000 gallons current contract is attached

ii. City of Tennessee Ridge \$1.95 / 1,000 gallons current contract is attached

b. If no, please move on to the following question.

23) Do you have a plan to improve your non-revenue water percentage? YES or NO

a. If yes, please provide a detailed explanation as to how this will be improved along with your current non-revenue water percentages by cost and by volume. Improving Non-Revenue water percentage is a work-in-progress for the City of Erin. Our employees are continuously looking for leaks, not only in water distribution lines, but the water service lines as well. The City recently installed new auto-read meters to all residential customers to ensure all water thru the meter was recorded and billed. The City also installed zone meters at major intersections and junctions where leaks on main distribution lines could

be easily detected. We also have a telemetry system on all water storage tanks and major pump stations.

- b. If no, please provide a detailed justification as to why the current non-revenue water percentage does not need to be improved along with your current non-revenue water percentages by cost and by volume.
- 24) Are there any environmental concerns currently or forthcoming that will put a financial burden on the system? YES or NO
- a. If yes, please provide a detailed explanation as to what the concern or issue is and the extent of the financial burden that will be incurred.
 - b. If no, please move on to the next question.
- 25) In regard to your governing body, how frequently do you meet and what is your practice of providing notice of your meetings? The Board of Mayor and Alderman meet monthly on the first Tuesday of each of month. Meeting are conducted on the same schedule each month unless a Holiday falls on the said day. Meeting times are printed on the utility billing, posted on the City of Erin website at erintn.org, posted on the doors of City Hall and posted on social media (Facebook). Special called meetings and public hearings are posted in the same manner as Regular meetings but are also published in the local newspaper at least 10 days prior to said meeting.

Section B: Wastewater Utility Information

1. Does your utility offer wastewater? YES or NO
2. Have you had any rate changes in the previous five years? YES or NO
 - a. Please provide a copy of your current rate ordinance/structure and the justification for why the rates are set this way - including any recent rate studies performed for the utility. The City of Erin is currently working with TAUD to perform a rate study for both the water and sewer utilities. Up until this point, justification for the current structure is unknown other than the previous City Recorder did a comparison of the rates in the surrounding counties. Copy of current rate ordinance / structure is attached.
 - b. Please provide a copy of the previous rate ordinance/structures from the previous five years if answered yes to Question #2.
 - c. If you have differing rate classes) inside/outside city limits, residential/commercial/industrial, new developments, etc.), please provide justification as to why these rates are set the way they are. The answer is the same as (a) above, The City of Erin is currently working with TAUD to perform a rate study for both the water and sewer utilities. Up until this point, justification for the current structure is unknown other than the previous City Recorder did a comparison of the rates in the surrounding counties. Copy of current rate ordinance / structure is attached.
3. Do you have any plans for a rate change? YES or NO
 - a. If yes explain

- i. Are you planning for a rate increase or decrease? We are currently working with TAUD to conduct a Water and Sewer rate study for the entire system including the whole-sale rates for the City of Tennessee Ridge. We are anticipating a rate increase to both the water and the sewer rates. The City is currently reviewing the current charge schedule for all residential, commercial and industrial users to be sure the rates for cut-offs, turn-ons, late fees, connection-fees, tap fees, road bore, etc. are adequate for the City.
 - ii. Are you planning this change across all customer classes or only on a certain customer class? The anticipated rate increases will apply to all customer classes.
 - iii. Has your Board voted on this rate change yet? The Board of Mayor and Alderman approved the initiation of the rate study during the August 4, 2020 Regular Board Meeting. The rate study from TAUD is anticipated to take 2 to 3 months to complete. Once the study is complete, it will be presented to the Board for approval.
 - iv. If your Board has discussed a rate change at recent meetings, please attach a copy of the relevant minutes at which this meeting took place. August minutes are attached.

- 4. Have you had any utility fee changes in the previous five years? YES or NO
 - a. Please provide a copy of your current utility fee schedule. A copy of the current fee schedule is attached.
 - b. Please provide a copy of your previous utility fee schedule if you answered yes to Question #3.
 - c. Please provide written rationale for the charges for tap fees, reconnect fees, etc. Charges for tap fees, reconnect fees, etc. were based on cost at that time. The City is currently reviewing all charges for all types of fees and will work with TAUD to determine the appropriate rate for each service.

- 5. Has your debt policy been reviewed in the last 5 years? YES or NO
 - a. Please provide a copy of your debt management policy. A copy of the Debt Policy is attached

- 6. Has your capitalization policy been reviewed in the last 5 years? YES or NO
 - a. A copy of the Capitalization Policy and the Resolution to set thresholds is attached.
 - i. Upon review, we are aware of the need for a more formal policy and we will rely on TAUD to assist us with this policy update.

- 7. Please provide the most recent 3 months of balance sheet and income statements for your utility.
 - a. Balance Sheet for Water and Sewer, summary Financial Statement for Water and Sewer, Trial Balance for Water and Sewer, Statement of Revenue and Statement of Expenses for Water and Sewer for June, July and August are attached. Our software does not generate an "income statement" as we do not use the cost center portion.

- 8. Do you have a plan to remedy your financially distressed position for your wastewater fund? YES or NO

a. We are currently working with TAUD to review rates and both the Water and Sewer System needs. TAUD will also assist us in developing a 5-year plan for expenses and revenue based on capital improvements and maintenance needs.

9. Who has the authority to set rates and fees? **The Board of Mayor and Alderman**
- Is this a board or committee separate from our local legislative body? YES or **NO**
 - Please provide a list containing the following information for the aforementioned individuals: **List is attached**
 - Name
 - Title
 - Mailing Address
 - Phone number
 - Date of Initial Election or Appointment
 - Have they fulfilled their initial 12-hour training requirement within the first year of service, if applicable? **Yes** or No **Except for the 2 Aldermen that were elected on August 6, 2020. Training Certificates for the others are attached.**
10. How many total customers do you currently have? **455 average**
- Please provide a numerical break-down of the totals for each type of customer:
 - Billed **All customers are billed**
 - Unbilled **No customers are unbilled**
 - Metered **All customers are metered except for 2 residential that is on well water and they are billed the minimum each month.**
 - Unmetered **2 residential customers that are on well water**
 - Breakdown by Rate Class (inside, outside, inside residential, inside commercial, outside residential, outside commercial, etc.) **Utility Billing reports are attached.**
11. What percentage of your sales do your largest 10 customers account for annually?
- (Largest 10 Customer Revenues Total / Total Annual Wastewater Revenue)
 $235,321.19 / 396,215.78 = 59\%$
12. What percentage of your volume do your largest 10 customers account for annually?
- (Wastewater Revenue for Largest 10 Customers / Total Wastewater Revenue)
Total customers $168,985,614 / 275,641,800 = 61\%$
City of Tennessee Ridge $138,580,514 / 275,641,800 = 50.27\%$
13. Do you adjust wastewater bills for customers with water leaks? **YES** or **NO**
- If yes, how many leak adjustments were performed based on your leak adjustment policy in the last 12 months? **7** What is the cost associated with these leaks? **\$192.36**
Due to the City of Erin having an issue with a section of main collector pipe that connects the City of Tennessee Ridge to the City of Erin, it was estimated that 25 % of flow at the meter was due to this issue thus resulting in the City of Erin adjusting the City of Tennessee Ridge sewer bill by the amount of \$27,042.00 for the period of time February to June. This issue is now repaired and we are waiting for this section of line to have an additional CCTV completed to ensure no other problem exist. As soon as this is completed, the adjustments will cease.
 - If yes, please attach a copy of your leak adjustment policy.
 - If no, please move on to the next question.

14. Have you incurred any new debt during the current fiscal year for your Wastewater utility, or do you plan on incurring any debt during the current fiscal year for your Wastewater utility? YES or NO
- a. If yes, please provide a detailed explanation regarding the debt. The City of Erin is in the process of building a new Wastewater Treatment Plant. September 2017, the City was notified of the approval of a CDBG grant in the amount of \$525,000.00 for the Wastewater Treatment Plant Improvement Project. In May of 2018, the City received the letter of conditions from USDA Rural Development for the \$2,128,000.00 Loan and \$1,427,000.00 Grant for the Wastewater Treatment Plant Project. The project is still in the review stage from TDEC, Rural Development and ECD. This project should be let for bid by October 2020. See Attached.
- b. If no, please move on to the next question.
15. Have you received any grants or capital contributions during the current fiscal year for your Wastewater utility, or do you plan on receiving any grants or capital contributions during the current fiscal year for your water utility? YES or NO
- a. If yes, please provide a detailed explanation regarding these grants or capital contributions. The City of Erin is in the process of building a new Wastewater Treatment Plant. September 2017, the City was notified of the approval of a CDBG grant in the amount of \$525,000.00 for the Wastewater Treatment Plant Improvement Project. In May of 2018, the City received the letter of conditions from USDA Rural Development for the \$2,128,000.00 Loan and \$1,427,000.00 Grant for the Wastewater Treatment Plant Project. The project is still in the review stage from TDEC, Rural Development and ECD. This project should be let for bid by October 2020. See Attached.
- b. If no, please move on to the following question.
16. Have you applied for any grants that will be received over the next two years? YES or NO
- a. If yes, please provide a detailed explanation regarding these potential grants. The City of Erin is in the process of building a new Wastewater Treatment Plant. September 2017, the City was notified of the approval of a CDBG grant in the amount of \$525,000.00 for the Wastewater Treatment Plant Improvement Project. In May of 2018, the City received the letter of conditions from USDA Rural Development for the \$2,128,000.00 Loan and \$1,427,000.00 Grant for the Wastewater Treatment Plant Project. The project is still in the review stage from TDEC, Rural Development and ECD. This project should be let for bid by October 2020. See Attached.
- b. If no, please move on to the following question.
17. Are your customers made aware of the rates and fees you have in place annually? YES or NO
- a. If yes, how is this accomplished? The same as the water, and Ordinance would be passed on two readings, with a public hearing prior to the second reading. The agenda is posted on the City website, in the lobby of City Hall and on Social media.
- b. If no, please provide a written justification as to why not.
18. Do you review your capital asset list? YES or NO
- a. If yes, how often is this list reviewed and by whom? The same as the Water, annually by the auditor and staff of the City.

- b. If no, please provide a written justification as to why not.
- c. Please provide a copy of your capital asset plan, or a justification as to why you do not have one. **Attached.**

19. Do you keep a copy of your capital asset list on file? **YES** or NO

20. Excluding any customers on wells, are all of your customers billed based on water usage? **YES** or NO

- a. If yes, who supplies the usage data, and are there multiple water suppliers for your customers? **All sewer customers reside within the city limits of Erin and are also water customers of the City of Erin and are billed on the water usage except for (2) customers that are on wells and the Industry located inside the Stewart Houston Industrial Park on the Stewart County side of the park. The Industrial Park sewer users bill amount is based on the water usage reading we obtain from the water meter at each location.**
- b. If no, but **some** of your customers are billed based on water usage, then answer the about question regarding usage data, but also provide a written explanation on how these customers are billed that are not billed based on water usage.
- c. If no, and **none** of your customers are based on water usage, the provide a written explanation on how these customers are billed.

21. Do you have any customers on wells? **YES** or NO

- a. If yes, how are these customers billed? **We have (2) residential customers that are billed the minimum sewer bill each month.**

22. Do you have any wastewater customers you classify as wholesale? **YES** or NO

- a. If yes, please provide the contract(s) with these customer(s) or a detailed explanation as to why a contract does not exist and the rate at which wastewater is treated for this customer. **City of Tennessee Ridge. Contract is attached.**
- b. If no, please move on to the following question.

23. Do you treat your own wastewater? **YES** or NO

- a. If yes, please provide the following:
 - i. Cost to treat per thousand gallons **1.20 per 1,000 gallons**
 - ii. The design capacity of your treatment facility and the percentage of the design capacity currently being used. **The design capacity of the existing Wastewater Treatment Plant is 750,000 GPD average daily flow with a peak flow capacity of 1.5 MGD. A new Wastewater Treatment Facility currently funded and is anticipated to bid and construction begin in the fall of 2020. The design capacity of the proposed facility is .90MGD with a peak flow capacity of 2.5 MGD.**
 - iii. The average operating capacity of your treatment facility. **The average operating capacity or average daily flow of approximately 500,000 GPD.**
- b. If no, please provide the following:
 - i. List of entities wastewater is treated by
 - ii. Rates at which wastewater is treated by entity
 - iii. Wastewater treatment contract with these entities, if no contract exists please give an explanation as to why there is no contract

24. Do you have a plan to improve your infiltration and inflow (I&I)? **YES** or NO

- a. If yes, please provide a detailed explanation as to how this will be improved along with your current I&I data. The City of Erin is very pro-active with all issues relating to our sewer collections system. In the last 10 years, we have completed two (2) major sewer system rehabilitation projects which reduced our I & I dramatically. Those projects were completed in the sections of the original clay pipe that was installed in the mid 1960's. An infiltration/inflow investigation – CCTV inspection of another existing 12” sewer line was completed in late October of 2019. Repairs were needed to approximately 45 feet of line and that was completed in the summer of 2020. We feel that this section of pipe repaired was a major contributor to the City of Erin I & I issue. From a treatment standpoint, our main I&I problem now is not with our system, but with the City of Tennessee Ridge which passes thru our system for treatment at the City of Erin Wastewater Treatment Plant. In late August of 2019 the City of Erin installed a new flow meter between TN Ridge’s system and our system, and now we have a more accurate account of the amount of flow, whether it be sewage or rain/groundwater. We are working closely with The City of Tennessee Ridge any way we can to help them bring their I&I under control in order to help our treatment process. The following is a statement from the Engineer for the City of Tennessee Ridge.

“The City of Tennessee Ridge has developed the following plan as a way to reduce infiltration & inflow (I & I) within its wastewater system. I & I experienced in the Tennessee Ridge system in turn contributes to the overall I & I experienced by the City of Erin due to the fact that the City of Erin treats all of Tennessee Ridge’s wastewater.

One of the primary sources of I & I in the Tennessee Ridge sewer system is the 10” gravity sewer line that runs along Mobley Lane and connects the TN Ridge system to the City of Erin system. Tennessee Ridge is currently working on a sewer project that consists of installation of a 650 gpm wet well-mounted pump station and new prefabricated 8’ diameter wet well, and replacement of the existing gravity sewer line with 8” force main in this area. This project has an approximate value of \$500,000 and will take approximately 2 years to complete.

After completion of this project, Tennessee Ridge plans to systematically perform camera investigation and CIPP rehabilitation of other portions of the gravity line throughout the system to locate and repair additional I & I. These actions will be performed over a period of 3-5 years. “

- b. If no, please provide a detailed justification as to why the current I&I does not need to be improved along with your current I&I data.

25. Are there any environmental concerns currently or forthcoming that will put a financial burden on the system? YES or **NO**

- a. If yes, please provide a detailed explanation as to what the concern or issue is and the extent of the financial burden that will be incurred.

b. If no, please move on to the next question.

26. In regard to your governing body, how frequently do you meet and what is your practice of providing notice of your meeting? **The City of Erin Board of Mayor and Aldermen meet on the first Tuesday of each month at 6:00 pm. The notice is posted on the back of each water bill, posted to the city website, posted on social media and the lobby of City Hall.**

27. Do you have a sewer use ordinance? **YES** or NO

a. If yes, please provide a copy and description of how this is enforced. **Enforcement of the Sewer Use Ordinance is regulated by the sewer ordinance its self. The Superintendent of the Sewer Department will determine if a violation exists. IF a violation does exist, then the policy and procedures outlines in the Sewer Use Ordinance would be applied.**

b. If no, please provide a justification for the lack thereof.

Respectfully,



Paul Bailey
Mayor



Engagement Letter – Request for Rate Study

August 17, 2020

City of Erin, Tennessee
P.O. Box 270
Erin, TN 37061

The City of Erin, Tennessee has requested that the Tennessee Association of Utility Districts (TAUD) perform a review of the City's current rates and conduct a rate study to ensure that the City's water and sewer rates are sufficient to make the City's water and sewer fund self-supporting as required by T.C.A. § 7-34-115.

To conduct the rate study, TAUD will undertake the following tasks:

- (1) Determine the City's revenue requirements for its water and sewer system for a test year based upon its historical operations, current fiscal year revenues and expenses, and any known and anticipated changes in revenues and expenses during the test year.
- (2) Project the amount of revenue the City will receive under its existing rate structure to determine the additional amount of revenue needed to meet its annual revenue requirements for its water and sewer system for the test year and for a three-year projection period thereafter.
- (3) Recommend rate changes which the City can adopt to meet its annual revenue requirements.
- (4) Review rates other monthly service rates and recommend any changes to such rates.
- (5) TAUD will assist the City in creating a five-year capital improvements plan for its water and sewer system. The plan will include the funding of the capital improvements identified in the plan. The funding for the plan will be incorporated in the revenue requirements for the City's water and sewer system.

- (6) TAUD will discuss the establishment cash reserves for the City's water and sewer fund.
- (7) TAUD will review the capitalization policy, including any recommended modifications

TAUD will not charge for its services to perform the rate study. If TAUD representatives travel to the City in connection with the rate study, the City agrees to reimburse TAUD for mileage at the IRS mileage reimbursement rate in effect at the time of travel. When the provision of the services requires overnight travel, the City will reimburse TAUD at the per diem rates for lodging and meals and incidental expenses set forth in IRS Publication 1542. Any travel requiring an overnight stay must be approved by the City in advance.

The first step in performing the rate study will be the submission to the City of an information request from TAUD to get information to begin the rate study. The accuracy and date of completion of the rate study will depend upon the completeness and timeliness of the initial information requests and follow up requests submitted to the City.

If the City is referred to the Water and Wastewater Financing Board (WWFB) after the date of this letter, please let TAUD know. Directives and deadlines in an order of WWFB may change the scope and timing of the rate study.

TAUD looks forward to working with the City on the rate study.

Sincerely,



Bob Freudenthal



Mayor Erin
8-19-2020



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Entity Referred: **Grundy County**
Referral Reason: **Negative Change in Net Position**
Utility Type Referred: **Sewer**

Staff Summary:

The County was referred to the Board for financial distress on August 29, 2017. On September 18, 2020, the Board issued the attached order.

The County complied with this order, engaging Allen Joslyn of Big Creek Utility District and Mark Butler and Melanie Sain of the Tennessee Association of Utility Districts to assist in completing the directives. Their report recommends that the County's sewer bills should be 150% of the water bills.

Staff Recommendation

1. By December 31, 2020, the County shall provide Board staff proof of implementation of the recommendations in the report completed by Joslyn and TAUD.
2. The County shall send financial updates to Board staff by March 1st and September 1st of each year, beginning March 1, 2021, until the Board releases the County from its oversight.



Bobby Thompson, President
Bill Nunley, Secretary
Michael Birdwell, Member

931-692-2505

P.O. Box 160
Altamont, TN 37301
bcud121@benlomand.net

October 15, 2020

Grundy County Mayor Michael Brady

Re: Grundy County Sewer Rates

Mayor Brady:

I have completed an evaluation of the Revenue and Expenses for the Grundy County Sewer System with help from Mark Butler and Melanie Sain with the Tennessee Association of Utility Districts. Along with the evaluation, sewer rates were calculated in an effort to show sufficient revenues to cover expenses. The following is an explanation of how the rates were calculated and on what these calculations were based.

Revenue has remained fairly flat for the last four years with the exception of YE 2019, which reflected an approximate fifteen percent increase. Expenses increased YE 2020 approximately fifteen percent. If I am not mistaken, that was due to contract work that had to be performed because of an "air lock" issue with the system. The one year increase in Revenue must not be taken into consideration because you have remained, on average, at \$55,000 per year. Conversely, the increase in Expenses in 2020 should be considered because failures will happen, especially as the system ages.

Another consideration in the rate calculation was the significant, "across the board", rate increase proposed earlier this year. It is my belief that an increase of that magnitude will cause customers to leave the system. A reduction in customers could have a major negative impact on revenue due to the current number of customers on the system.

With that said, I propose a volumetric rate on all customers at 150% of the water bill. This means all customers will be billed based on the amount of water used. I also propose an Impact Fee charged to all commercial customers. Commercial customers are defined by Big Creek Utility District as *Any establishment in existence to make a profit whether publicly or privately, and any customer with a meter over ¾" in size shall be subject to commercial rates as defined in the commercial rate schedule.* The proposed Impact fee would be based on a percentage of water used (by the customer) compared to the total amount of water sold (system wide). This fee would compensate for the shortfall in revenues to cover expenses.



Bobby Thompson, President
Bill Nunley, Secretary
Michael Birdwell, Member

931-692-2505

P.O. Box 160
Altamont, TN 37301
bcud121@benlomand.net

The anticipated revenues generated by these changes would be \$133,426.00. This may result in the Grundy County Sewer System operating \$4000.00 in the “Black” for YE 2022 as long as expenses remain level.

This letter is for consideration by you and the Grundy County Commission to address “correcting the County’s financial deficiencies” and “create a rate and fee policy” as outlined in Section 1(a) and (c) of an Order by the Water and Wastewater Financing Board dated March 14, 2019 and Section 1 of a subsequent Order dated August 27, 2020. Section 1(b) of the Order issued March 14, 2019 has already been presented to you by Big Creek Utility District for revision, via e-mail August 14, 2020. Section 1(d) “five year capital asset budget” in the March Order has not been fully addressed. The potential Development coming to Grundy County may have an impact on developing a five year plan. I propose asking for an extension on the five year plan until the Development plans are finalized.

The Water and Wastewater Finance Board has been very gracious by extending the deadline for correcting deficiencies. However, these items must be corrected by November 13, 2020 or a rate increase will be implemented.

Sincerely,

Allen Joslyn
General Manager
Big Creek Utility District

Grundy County Sewer Commercial Customers 3 year average usage
(October 2019 to September 2020)

Customer Name	Account #	Usage					Percent of Usage	Annual Impact Fee	Monthly Impact Fee	Monthly Average Charge at Current Rates	Monthly Average Charges at 150% of Water Rate plus Impact Fee
		2020	2019	2018	3 yr. Average						
Elk Meadows Apartments	31	17,483	11,600	9,700	12,928	2.35	\$1,177.05	\$98.09	\$97.52	\$244.37	
Elk Meadows Laundrymat	32	4,283	4,400	3,000	3,894	0.71	\$354.57	\$29.55	\$39.98	\$89.52	
Elk Meadows Apartments	33	20,333	16,500	13,300	16,711	3.04	\$1,521.51	\$126.79	\$121.62	\$309.23	
Elk Meadows Apartments	34	17,258	16,900	18,500	17,553	3.20	\$1,598.15	\$133.18	\$126.99	\$323.66	
Exceptional Enterprise	39	4,458	5,000	7,500	5,653	1.03	\$514.67	\$42.89	\$51.18	\$119.66	
Exceptional Enterprise	40	14,267	12,600	24,400	17,089	3.11	\$1,555.93	\$129.66	\$124.03	\$315.71	
Tri County Propane	45	783	700	700	728	0.13	\$66.25	\$5.52	\$24.73	\$42.62	
Basham Industries	47	2,783	3,300	18,000	8,028	1.46	\$730.91	\$60.91	\$66.31	\$160.38	
L&L Market	104	14,650	11,800	12,400	12,950	2.36	\$1,179.08	\$98.26	\$97.67	\$244.76	
Sequatchie Valley Head Start	127	3,358	7,000	5,600	5,319	0.97	\$484.32	\$40.36	\$49.06	\$113.95	
North Elementary School	155	27,983	32,400	33,000	31,128	5.67	\$2,834.13	\$236.18	\$213.46	\$556.37	
Greeter Lumber	229	2,858	2,600	2,500	2,653	0.48	\$241.52	\$20.13	\$32.07	\$68.24	
Altamont City Hall	250	3,908	5,000	3,400	4,103	0.75	\$373.54	\$31.13	\$41.31	\$93.09	
Wiley's Pharmacy	252	3,167	3,200	3,500	3,289	0.60	\$299.46	\$24.95	\$36.13	\$79.14	
The Rock Fitness Center	264	4,750	5,100	3,500	4,450	0.81	\$405.17	\$33.76	\$43.52	\$99.05	
Methodist Assembly Kitchen	512	4,192	9,000	7,900	7,031	1.28	\$640.13	\$53.34	\$59.96	\$143.28	
Grundy County High School	682	46,908	62,800	67,400	59,036	10.75	\$5,375.15	\$447.93	\$391.23	\$1,034.78	
Hunt, Rock Creek Pharmacy	1067	2,225	1,600		1,913	0.35	\$174.13	\$14.51	\$27.36	\$55.55	
Ocoe Regional Health	1068	2,033	2,500	1,900	2,144	0.39	\$195.24	\$16.27	\$28.83	\$59.52	
Grundy Co. Detention Center	1914	30,250	41,200	54,800	42,083	7.66	\$3,831.63	\$319.30	\$283.25	\$744.17	
Grundy Co. Detention Center	1922	122,517	131,600	143,700	132,606	24.15	\$12,073.57	\$1,006.13	\$859.87	\$2,295.94	
Dollar General	2122	7,067	17,700	7,500	10,756	1.96	\$979.29	\$81.61	\$83.69	\$207.14	
Methodist Assembly Hotel	2381	8,100	16,900	17,700	14,233	2.59	\$1,295.93	\$107.99	\$105.84	\$266.76	
Misty's Market	2536	16,242	12,800		14,521	2.64	\$1,322.12	\$110.18	\$107.67	\$271.69	
Dependable Laundry	2680	136	200	800	379	0.07	\$34.48	\$2.87	\$24.73	\$39.97	
Citizens Tri County Bank	2823	4,133	1,700	1,600	2,478	0.45	\$225.59	\$18.80	\$30.96	\$65.24	
Grundy County Football Field	2865	34,827	48,300	10,500	31,209	5.68	\$2,841.54	\$236.79	\$213.98	\$557.76	

Grundy County Baseball Field	2952	1,436	1,800	1,700	1,645	0.30	\$149.81	\$12.48	\$25.66	\$50.97
Corner Market	3012	5,533	5,800	6,800	6,044	1.10	\$550.33	\$45.86	\$53.68	\$126.38
Tullahoma Industries	3148	16,233	14,300	9,900	13,478	2.45	\$1,227.12	\$102.26	\$101.03	\$253.80
Methodist Assembly Lodge	3796	6,450	8,700	7,600	7,583	1.38	\$690.45	\$57.54	\$63.48	\$152.76
Scruggs 56 Car Wash	3861	38,258	33,300	31,000	34,186	6.23	\$3,112.59	\$259.38	\$232.94	\$608.79
Citizens Tri Co. Bank Junction	4674	667	3,600	1,800	2,022	0.37	\$184.13	\$15.34	\$28.06	\$57.43
Grundy County Health Dept.	247	3,975	3,500	3,100	3,525	0.64	\$320.95	\$26.75	\$37.63	\$83.19
Grundy County Courthouse	298	12,733	13,600	21,100	15,811	2.88	\$1,439.57	\$119.96	\$115.89	\$293.80
Total		506,237	569,000	555,800	549,157	100.00	\$49,999.98		\$4,041.32	\$10,228.64

Grundy County Residential Sewer Customers		Account #	2020	2019	2018	3 yr. Average	Monthly Average Charge at Current Rates	Monthly Average Charges at 150% of Water Rate
Elaine Asberry	14	1,975	1700	1500	1,725	\$20.18	\$30.27	
Thomas & Connie Reed	134	3,967	4600	5200	4,589	\$38.42	\$57.63	
Alice Meeks	213	4,450	3200	3900	3,850	\$33.71	\$50.57	
John Dickerson	232	3,150	3900	2900	3,317	\$30.32	\$45.48	
Grundy Co. Dept of Education	248	1,617	2000	26000	9,872	\$84.81	\$127.22	
Altamont Baptist Church	274	682	7200	1200	3,027	\$28.47	\$42.71	
Shawn Prater	276	3,275	2500	300	2,025	\$22.09	\$33.13	
Earl David Campbell	277	3,258	3300	5700	4,086	\$35.22	\$52.83	
Jody & Crissie Campbell	279	5,383	5400	5700	5,494	\$44.19	\$66.28	
Methodist Assembly (Shop)	528	340	100	200	213	\$15.56	\$23.34	
Methodist Assembly (Mgr)	530	2,442	2200	3300	2,647	\$26.05	\$39.08	
James D. Nunley	1092	8,275	7700	7600	7,858	\$59.25	\$88.87	
G-L City Hall	1239	1,583	800	500	961	\$15.56	\$23.33	
Altamont Playground	3159	443	700	1100	748	\$15.56	\$23.34	
Michael & Melody Green	4336	533	100	1000	544	\$15.56	\$23.34	
Tammy Sons	4657	973	1000		987	\$15.56	\$23.34	
Danielle & Peggy Argo	4658	6,150	4600		5,375	\$43.43	\$65.14	
Altamont Comm. Ctr.	4715	600	600	500	567	\$15.56	\$23.34	
Beverly McCreary	4929	3,567	4000	4100	3,889	\$33.96	\$50.94	
Total		52,663	55,600	70,700	61,775	\$593.46	\$890.19	

Annual Revenue at Current Rates	\$55,617.36
Annual Revenue at New Rates	\$83,426.04
Annual Revenue from Impact Fees	\$50,000.00
<hr/> Total Anticipated Revenue	\$133,426.04



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Entity Referred: **Town of Newbern**
Referral Reason: **Negative Change in Net Position**
Utility Type Referred: **Water and Sewer**

Staff Summary:

The Town was referred to the Board for financial distress on June 25, 2019. The Town returned its financial questionnaire, which is attached.

Staff Recommendation

1. The Town 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 Town's debt management policy, including any recommended modifications;
 - c. a review of all water and sewer fees, including any recommended modifications;
 - d. a justification for the differing rate classes, or if no justification is possible, recommendations for an appropriate rate structure;
 - e. creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs; and
 - f. a review of the leak adjustment policy, including any recommended modifications.
2. By December 31, 2020, the Town shall send Board staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
3. By April 1, 2021, the Town 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 Town.

Section A: Contact Information

Please provide contact information for the utility by responding to the fields below.

Utility Address Information	
Utility Contact Address Line 1:	103 Jefferson St
Utility Contact Address Line 2:	Newbern TN 38059
Utility Contact Address City:	Newbern
Utility Contact Address State:	TN
Utility Contact Address Zip Code:	38059
Contact Person 1 Information	
Contact Person 1 Title:	Recorder/Treasurer
Contact Person 1 Name:	Jason Roberts
Contact Person 1 Email Address:	jroberts@cityofnewbern.org
Contact Person 1 Phone Number:	731-627-3271
Contact Person 2 Information	
Contact Person 2 Title:	Supervisor
Contact Person 2 Name:	Casey King
Contact Person 2 Email Address:	CKing@cityofnewbern.org
Contact Person 2 Phone Number:	731-627-3271

Section B: Water Utility Information

1. Does your utility offer water? *yes*
 - a. If yes, please complete the following section. If no, please proceed to Section C: Wastewater Utility Information.
2. Have you had any rate changes in the previous five years?
Yes or No (Circle your answer)
 - a. Please provide a copy of your current rate ordinance/structure and the justification for why the rates are set this way- including any recent rate studies performed for the utility.
 - b. Please provide a copy of previous rate ordinances/structures from the previous five years if you answered yes to Question #2.
 - c. If you have differing rate classes (inside/outside city limits, residential/commercial/industrial, new developments, etc.), please provide justification as to why these rates are set the way they are.
3. Do you have any current plans for a rate change?
Yes or No (Circle your answer)
 - a. If yes, please provide a written answer to the following questions:
 - i. Are you planning for a rate increase or decrease?
 - ii. Are you planning this change across all customer classes or only on a certain customer class?
 - iii. Has your Board voted on this rate change yet?
 - iv. If your Board has discussed a rate change at recent meetings, please attach a copy of the relevant minutes at which this meeting took place.
4. Have you had any utility fee changes in the previous five years?
Yes or No (Circle your answer)
 - a. Please provide a copy of your current utility fee schedule.
 - b. Please provide a copy of previous utility fee schedules if you answered yes to Question #3.
 - c. Please provide a written rationale for the charges for tap fees, reconnect fees, etc.
5. Has your debt management policy been reviewed in the last 5 years?
Yes or No (Circle your answer)
 - a. Please provide a copy of your debt management policy. If you do not have a debt management policy, please provide a written rationale for why a debt management policy has not been adopted.
6. Has your capitalization policy been reviewed in the last 5 years?
Yes or No (Circle your answer)
 - a. Please provide a copy of your capitalization policy. If you do not have a capitalization policy, please provide a written rationale for why a capitalization policy has not been adopted.

7. Please provide the most recent 3 months of balance sheets and income statements for your water fund.
- If you are a water and wastewater utility and are having difficulty breaking out the accounts, please use percentages or estimate for accounts for the most accurate depiction of the financial status of the utility.
8. Do you have a plan to remedy your financially distressed position for your water fund?
Yes or No (Circle your answer)
- If yes, please provide a detailed copy.
 - If no, please provide a justification for why not.
9. Who has the authority to set rates and fees?

Answer: Mayor & board of Alderman

- Is this a board or committee separate from your local legislative body? (City Council, Board of Mayor and Alderman, etc.)
Yes or No (Circle your answer)
- Please provide a list containing the following information for the aforementioned individuals:
 - Name See Attached
 - Title See Attached
 - Mailing Address
 - Phone Number
 - Date of Initial Election or Appointment
 - Have they fulfilled their initial 12 hour training requirement within the first year of service, if applicable? Yes or No
 - If so, please provide proof that the training requirement has been satisfied. -Attached

10. How many total customers do you currently have?

Answer: 3,555

- Please provide a numerical break-down of the totals for each type of customer:
 - Billed 3555
 - Unbilled 0
 - Metered 3555
 - Unmetered 2
 - Breakdown by Rate Class (inside, outside, inside residential, inside commercial, outside residential, outside commercial, etc.)

11. What percentage of your sales do your largest 10 customers account for annually?
(Largest 10 Customer Sales Total / Total Annual Water Sales)

Answer: 11.9% See Attached

12. What percentage of your volume do you largest 10 customers account for annually?
(Gallons of Water sold to Largest 10 Customers / Total Gallons of Water Sold)

Answer: 29.4% See Attached

13. Do you have a leak adjustment policy?

Yes or No (Circle your answer)

- a. If yes, how many leak adjustments were performed based on your leak adjustment policy in the last 12 months? What is the cost associated with these leaks?

Answer:

- 68 Adjustments cost \$5,719.97
b. If yes, please attach a copy of your leak adjustment policy. - Attached
c. If no, please move on to the next question.

14. Have you incurred any new debt during the current fiscal year for your water utility, or do you plan on incurring any debt during the current fiscal year for your water utility?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding the debt.
b. If no, please move on to the next question.

15. Have you received any grants or capital contributions during the current fiscal year for your water utility, or do you plan on receiving any grants or capital contributions during the current fiscal year for your water utility?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding these grants or capital contributions.
b. If no, please move on to the following question.

16. Have you applied for any grants that will be received over the next two years?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding these potential grants.
b. If no, please move on to the following question.

17. Are your customers made aware of the rates and fees you have in place annually?

Yes or No (Circle your answer)

- a. If yes, how is this accomplished? Budget hearings, local paper
b. If no, please provide a written justification as to why not.

18. Do you review your capital asset list?

Yes or No (Circle your answer)

- a. If yes, how often is this list reviewed and by whom? - Annual - Auditors
b. If no, please provide a written justification as to why not.
c. Please provide a copy of your capital asset plan, or a justification as to why you do not have one.

19. Do you keep a copy of your capital asset list on file?

Yes or No (Circle your answer)

20. Do you produce your own water supply?

Yes or No (Circle your answer)

- a. If yes, what is the cost per thousand gallons to produce?

Answer:

\$ 2.11

- b. If no, please move on to the next question.

21. Do you purchase your water supply? No

- a. If yes, please provide the following:
 - i. List of entities water is purchased from
 - ii. Rates at which water is purchased at
 - iii. Water purchase contract with these entities, if no contract exists please give an explanation as to why there is no contract.
 - b. If no, please move on to the following question.
22. Do you have any wholesale customers?
 Yes or No (Circle your answer)
- a. If yes, please provide the contract(s) with these customer(s) or a detailed explanation as to why a contract does not exist and the rate at which water is sold to this customer.
 - b. If no, please move on to the following question.
23. Do you have a plan to improve your non-revenue water percentage?
 Yes or No (Circle your answer)
- a. If yes, please provide a detailed explanation as to how this will be improved along with your current non- revenue water percentages by cost and by volume.
 - b. If no, please provide a detailed justification as to why the current non-revenue water percentage does not need to be improved along with your current non-revenue water percentages by cost and by volume.
24. Are there any environmental concerns currently or forthcoming that will put a financial burden on the system?
 Yes or No (Circle your answer)
- a. If yes, please provide a detailed explanation as to what the concern or issue is and the extent of the financial burden that will be incurred.
 - b. If no, please move on to the next question.
25. In regard to your governing body, how frequently do you meet and what is your practice of providing notice of your meetings?

Answer: monthly - Advertise local newspaper

2-C

We do have differing costs for water for our city and rural customers. This rate is developed from the actual cost to produce and transport the commodity to the different customers. Our rate structure is set to recover all operation costs through a base charge. The water and sewer base charges were created by analyzing the actual cost of operation. We pass through the commodity cost to the customer through a separate rate. We believe that this rate structure is the best option to cover our static operation costs. This form of rate structure is not dependent on the sale of the commodity.

Our most recent rate change was implemented to ensure that the true cost of operation is being charged to the appropriate utility. We have a combined water and sewer fund. Prior to our rate change our water rates were subsidizing the sewer operation. Through our rate change our water rates were lowered but accurately reflect the true cost of operation. The sewer rates were raised to the appropriate level. Our sewer fund has substantial debt due to our recent successful rehab of our system. We implemented a CIPP project that upgraded our system and dramatically lowered our INI issues. We were under a CMOM order and through our efforts have corrected these issues.

4-C

We have not had a fee change in the past five years but the fees are reviewed annually. We believe our current fees are appropriate to recover our costs and not excessive to the customer. Our fees are not established to make money but to adequately recover our cost to perform the requested function.

8-B

In 2019 we consolidated all of the debt in our sewer fund into a one new bond. This refinance lowered the term of our debt and reduced the amount of interest that was owed. No new capital was received in this refinance. We chose to keep the payment the same as the previous combined payments. This decision was made to expedite the payoff.

Our financials show healthy reserves and operating capital. We feel that our current rate structure is working and is evidenced by our financial position.

Water Attachment List

The previous questions asked for several written explanations and attachments. Below you will find a list of the necessary attachments for questions depending on the answers provided. Please attach the following documents in the order listed with the Water Attachment Number at the top of the corresponding document. You may find that due to some of your answers you may not need to provide an attachment as listed; that is acceptable. **Please do not send in any stapled documents.**

Water Attachment Number, Question Number Asking for Document	Requested Document
Attachment Number: 1 Question Number: Section B, Question #2	Current Rate Ordinance/Structure and Justification <i>Rate study</i> ✓
Attachment Number: 2 Question Number: Section B, Question #2	Previous Rate Structure/Ordinance <i>NIA</i>
Attachment Number: 3 Question Number: Section B, Question #3	Rate Change Information <i>NIA</i>
Attachment Number: 4 Question Number: Section B, Question #4	Current Utility Fee Schedule ✓
Attachment Number: 5 Question Number: Section B, Question #4	Previous Utility Fee Schedules <i>NIA</i>
Attachment Number: 6 Question Number: Section B, Question #4	Written Rationale for Utility Fee Justification
Attachment Number: 7 Question Number: Section B, Question #5	Debt Management Policy; or Justification for lack thereof ✓
Attachment Number: 8 Question Number: Section B, Question #6	Capitalization Policy; or Justification for lack thereof ✓
Attachment Number: 9 Question Number: Section B, Question #7	Financial Statements ✓
Attachment Number: 10 Question Number: Section B, Question #8	Financial Distress Remedy Plan; or Justification for lack thereof
Attachment Number: 11 Question Number: Section B, Question #9	Board Training Information ✓
Attachment Number: 12 Question Number: Section B, Question #10	Customer Count Breakdown ✓

Attachment Number: 13 Question Number: Section B, Question #13	Leak Adjustment Policy ✓
Attachment Number: 14 Question Number: Section B, Question #14	Debt Response N/A
Attachment Number: 15 Question Number: Section B, Question #15	Grants/Contributions Response N/A
Attachment Number: 16 Question Number: Section B, Question #16	Future Grants Response N/A
Attachment Number: 17 Question Number: Section B, Question #17	Customer Rate Awareness Response
Attachment Number: 18 Question Number: Section B, Question #19	Capital Asset List Review Response ✓
Attachment Number: 19 Question Number: Section B, Question #21	Water Purchase Information N/A
Attachment Number: 20 Question Number: Section B, Question #22	Wholesale Customer Information N/A
Attachment Number: 22 Question Number: Section B, Question #23	Non-Revenue Water Response N/A
Attachment Number: 23 Question Number: Section B, Question #24	Environmental Concerns Response N/A

**Summary of Rate Changes
City of Newbern Water & Sewer Utility**

Line No.	Item	Present Rates		Proposed Rates		Rate Incr (Decr)	
		Base	Usage	Base	Usage	Base	Usage
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Urban Water Rates by Meter Size: (A)						
2	0.75"	6.60	3.05	7.35	2.36	0.75	(0.69)
3	1"	9.80	3.05	13.06	2.36	3.26	(0.69)
4	2"	12.10	3.05	52.24	2.36	40.14	(0.69)
5	3"		3.05	117.54	2.36	117.54	(0.69)
6	4"	16.50	3.05	208.96	2.36	192.46	(0.69)
7	6"		3.05	470.16	2.36	470.16	(0.69)
8	8"	30.80	3.05	836.27	2.36	805.47	(0.69)
9	Sewer Rate (A)		5.53	12.37	6.97	12.37	1.44
10	Rural Water Rates by Meter Size:						
11	0.75"	7.42	5.18	14.57	3.78	7.15	(1.40)
12	1"	12.72	5.18	25.91	3.78	13.19	(1.40)
13	2"	14.84	5.18	103.63	3.78	88.79	(1.40)

Footnotes:

(A) Some customers are direct billed for cost of service

**Urban Revenue Requirement_Water Cost Classification_Sewer Rate Development
City of Newbern Water & Sewer Utility**

Line No.	Item	Water Cost Classification				Sewer	Sewer Cost Classification	
		Common	Water	Base	Usage	Excl HF	Base	Usage
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Oper Exp Before Rev Offset	1,228,466	534,726	168,248	366,478	693,740	124,168	569,571
2	Expense Offset Revenue:							
3	Water Sales to R Water	(200,000)	(200,000)		(200,000)	-	-	-
4	Rural Water Overhead	(6,500)	(6,500)	(6,500)	-	-	-	-
5	Other Revenue_Tap	(5,800)	(4,000)	(4,000)	-	(1,800)	(1,800)	-
6	Forfeited Disc	(5,000)	(2,500)	(2,500)	-	(2,500)	(2,500)	-
7	Other Revenues	(3,000)	(1,000)	(1,000)	-	(2,000)	(2,000)	-
8	Pretreatment Revenue	(55,000)	-	-	-	(55,000)	(55,000)	-
9	Sewer Fine_Admin Order	-	-	-	-	-	-	-
10	Total Exp Offset Revenue	(275,300)	(214,000)	(14,000)	(200,000)	(61,300)	(61,300)	-
11	Net Operating Expenses	953,166	320,726	154,248	166,478	632,440	62,868	569,571
12	Depreciation Expense	274,506	120,000	-	120,000	154,506	-	154,506
13	Operating Margin	164,081	19,131	19,131	-	144,951	144,951	-
14	Allocated Revenue Requirement	1,391,753	459,856	173,379	286,478	931,897	207,819	724,077
15	Hilshire Sewer Billing	583,411				583,411	583,411	-
16	Total Revenue Requirement	1,975,164				1,515,308	791,230	724,077
17	Cash Flow Analysis:							
18	Operating Margin	164,081	19,131			144,951	48%	(122,200.64)
19	Add Back Depreciation Expense	274,506	120,000			154,506	52%	(130,256.15)
20	Capital Transactions:					299,457		(252,457)
21	Recurring Capital Additions	(100,000)	(50,000)			(50,000)		
22	Non-Recurring Capital Additions	(175,500)	(101,837)			(73,663)		
23	Proceeds from LTD	175,500	101,837			73,663		
24	New LTD Payment of Principal	(10,148)	(5,889)			(4,260)		
25	New LTD Interest Payments	(3,510)	(2,037)			(1,473)		
26	Existing LTD Payment of Principal	(189,590)	(57,973)			(131,617)		
27	Existing LTD Interest Payments	(139,339)	(24,232)			(115,107)	(252,457)	
28	Interest Income	4,000	1,000			3,000		
29	Grant Proceeds	-	-			-		
30	Total Capital Transactions	(438,587)	(139,131)			(299,457)		
31	Cash Flow Excl Cash Working Capital	(0)	0.00			(0.00)		
32	Beginning Resrv & Invest Balances:							
33	Non-Restricted Cash & Cash Equiv	511,032						
34	Restricted Cash & Cash Equiv	39,795						
35	Restricted Invested Funds	26,131						
36	Total Beginning Resrv & Invest Balances	576,958						
37	Change In Resrv & Invest Balances:							
38	Non-Restricted Cash & Cash Equiv	(0)						
39	Restricted Cash & Cash Equiv							
40	Restricted Invested Funds	-						
41	Total Change In Resrv & Invest Balances	(0)						
42	Ending Resrv & Invest Balances:							
43	Non-Restricted Cash & Cash Equiv	511,032						
44	Restricted Cash & Cash Equiv	39,795						
45	Restricted Invested Funds	26,131						
46	Total Ending Resrv & Invest Balances	576,958						

**Rural Revenue Requirement & Cost Classification
City of Newbern Water & Sewer Utility**

Line No.	Item	Total	Cost Classification	
			Base	Usage
	(1)	(2)	(3)	(4)
1	Cash Flow Analysis:			
2	Operating Margin	3,502		
3	Add Back Depreciation Exp	50,000		
4	Capital & Financing Activities:			
5	Recurring Capital Additions	-		
6	Non-Recurring Capital Additions	(253,625)		
7	Proceeds from LTD	253,625		
8	New LTD Payment of Principal	(14,666)		
9	New LTD Interest Payments	(5,073)		
10	Existing LTD Payment of Principal	(16,909)		
11	Existing LTD Interest Payments	(23,855)		
12	Grant Proceeds			
13	Interest Income	7,000		
14	Total Capital & Financing Activities	(53,502)		
15	Net Cash Flow For Rate Making	(0)		
16	Reserves & Investment Balances:			
17	Beginning of Year Balance			
18	Unrestricted	1,235,372		
19	Restricted	41,000		
20	Total Beginning of Year Balance	1,276,372		
21	Increase (Decrease)			
22	Unrestricted	(0)		
23	Restricted	-		
24	Total Increase (Decrease)	(0)		
25	End of Year Balance			
26	Unrestricted	1,235,372		
27	Restricted	41,000		
28	Total End of Year Balance	1,276,372		

**Water and Sewer Cost Allocation & Rate Design
City of Newbern Water & Sewer Utility**

Line No.	Item	Total	Meter Sizes		
			3/4"	1"	2"
	(1)	(2)	(3)	(4)	(5)
Rural Water Cost Allocation & Rate Design					
1	Base Cost Allocation:	New			
2	Occupancy/Bills	24,288	23,952	240	96
3	Base Cost Weighting Factors		1.00	1.78	7.11
4	Base Cost Allocator	25,061	23,952	427	683
5	Base Cost Allocation %	100.00%	95.57%	1.70%	2.72%
6	Allocation of Base Cost	365,202	349,036	6,218	9,948
7	Proposed Rates to Recover Base Costs		\$ 14.57	\$ 25.91	\$ 103.63
8	Present Rates To Recover Base Costs		\$ 7.42	\$ 12.72	\$ 14.84
9	Increase (Decrease) In Base Rates		\$ 7.15	\$ 13.19	\$ 88.79
10	Usage Cost Allocation:	New			
11	Usage Cost Allocator--1,000 Gallons	109,343	107,430	1,012	901
12	Usage Cost Allocation %	100.0%	98.25%	0.93%	0.82%
13	Total Usage Related Cost	413,300	406,070	3,826	3,404
14	Proposed Usage Rate	100.0%	\$ 3.78	\$ 3.78	\$ 3.78
15	Present Usage Rate		\$ 5.18	\$ 5.18	\$ 5.18
16	Incr (Decr) In Usage Rates		\$ (1.40)	\$ (1.40)	\$ (1.40)
17	Total Allocated Cost	778,502	755,107	10,043	13,352
18	% of Total	100.0%	97.0%	1.3%	1.7%

**Weighting Factors for Base Service Charges
City of Newbern Water & Sewer Utility**

Line No.	Meter Diameter (1)	COS Weighting Factor (2)	Current		Flow Area (5)	Weighting Factor (6)	GPM (7)	Weighting Factors (8)	Meter Diameter (9)	Weighting Factor (10)
			Urban (3)	Rural (4)						
1	0.75"	1.000	1.000	1.000	0.4418	1.000	35	1.000	0.75	1.000
2	1"	1.778	1.485	1.714	0.7854	1.778	55	1.571	1	1.333
3	2"	7.111	1.833	2.000	3.1416	7.111	200	5.714	2	2.667
4	3"	16.000			7.0686	16.000	650	18.571	3	4.000
5	4"	28.444	2.500	3.143	12.5664	28.444	1,250	35.714	4	5.333
6	6"	64.000			28.2743	64.000	2,500	71.429	6	8.000
7	8"	113.778	4.667		50.2655	113.778	4,400	125.714	8	10.667

**Present & Proposed Revenue Comparison
City of Newbern Water & Sewer Utility**

Line No.	Rate Code	Meter Size	No. of Bills	1,000 Gallons	Present Rates		Present Revenue			Proposed Rates		Proposed Revenue			Proposed Over(Under)	
					Base	Usage	Base	Usage	Total	Base	Usage	Base	Usage	Total	Present	% Incr
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
1	Total All Urban Water Rate Code Revenue:															
2	0.75"	16,060	66,247.6	6.60	3.05	105,996	202,055	308,051	7.35	2.36	118,041	156,053	274,094	(33,958)	-11.0%	
3	1"	252	1,961.4	9.80	3.05	2,470	5,982	8,452	13.06	2.36	3,291	4,620	7,911	(540)	-6.4%	
4	2"	367	38,586.7	12.10	3.05	4,441	117,689	122,130	52.24	2.36	19,172	90,895	110,067	(12,063)	-9.9%	
5	3"	28	752.6		3.05	-	2,295	2,295	117.54	2.36	3,291	1,773	5,064	2,769	120.6%	
6	4"	87	13,989.3	16.50	3.05	1,436	42,667	44,103	208.96	2.36	18,180	32,953	51,133	7,030	15.9%	
7	6"	12	78.2	30.80	3.05	370	239	608	470.16	2.36	5,642	184	5,826	5,218	858.1%	
8		16,806	121,615.8			114,711	370,928	485,640			167,617	286,478	454,095	(31,545)	-6.5%	
9	Direct Contract Billed					5,823	-	5,823			5,823	-	5,823	-	0.0%	
10	Total All Urban Water Rate Codes						120,535	370,928	491,463			173,440	286,478	459,918	(31,545)	-6.4%
11	Sewer Revenue:															
12	Residential	14,756	65,850.0		5.53		364,151	364,151	12.37	6.97	182,600	458,989	641,589	277,439	76.2%	
13	Small Commercial	1,966	12,450.0		5.53		68,849	68,849	12.37	6.97	24,328	86,779	111,108	42,259	61.4%	
14	Metered Sewer	72	25,581.5		5.53		141,466	141,466	12.37	6.97	891	178,309	179,200	37,734	26.7%	
15	Subtotal	16,794	103,881.5				574,465	574,465			207,819	724,077	931,897	357,432	62.2%	
16	HF Direct Billed		-				566,833	566,833			583,411	-	583,411	16,579	2.9%	
17	Total Sewer Revenue		103,881.5				1,141,297	1,141,297			791,230	724,077	1,515,308	374,011	32.8%	
18	Total Urban Water & Sewer Revenue						120,535	1,512,225	1,632,760			964,670	1,010,555	1,975,226	342,466	21.0%
19	Rural Water Revenue:															
20	5	0.75"	23,952	107,429.9	7.42	5.18	177,724	556,487	734,211	14.57	3.78	348,981	406,070	755,051	20,840	2.8%
21	5	1"	240	1,012.1	12.72	5.18	3,053	5,243	8,295	25.91	3.78	6,218	3,826	10,044	1,749	21.1%
22	5	2"	96	900.6	14.84	5.18	1,425	4,665	6,090	103.63	3.78	9,948	3,404	13,353	7,263	119.3%
23			24,288	109,342.6			182,201	566,395	748,596			365,148	413,300	778,448	29,852	4.0%

**Sewer Budgets For Hillshire Foods
City of Newbern Water & Sewer Utility**

Line No.	a/c no. (1)	Item (1)	7/10_6/11 Budget (2)	7/11_6/12 Budget (2)	7/12_6/13 Budget (2)	7/13_6/14 Budget (2)	7/14_6/15 Budget (2)
1	442.21	Industrial Sales	602,802.83	580,834.20	598,219.00	566,832.66	583,411.30
2		Expenses:					
3	442.22	CMOM	600.00	-	-	-	
4	403.10	Depr. Exp Plt & Equip					
5		Depr Exp_Rotary Press& Force Main	4,868.00	4,868.00	4,868.00	4,868.00	4,868.00
6		Depr Exp_Sludge Box Press	15,626.00	15,626.00	15,626.00	15,626.00	15,626.00
7	427.16	Interest Expense_Box Press	6,400.00	5,215.20	4,700.00	4,700.00	2,383.00
8	583.25	Maint_Sludge Hauling	120,000.00	110,400.00	122,300.00	111,191.84	113,731.12
9	593.35	Maint_HF Plant	177,500.00	150,000.00	146,300.00	120,561.32	125,322.40
10	903.00	Cust Records_Payroll	875.00	900.00	900.00	900.00	945.00
11	903.10	Cust Records_Other	175.00	125.00	125.00	125.00	135.00
12	920.00	Admin & Gen Salaries	2,025.00	2,025.00			
13	923.10	VMS	224,631.00	234,963.94	242,000.00	246,840.00	256,713.60
14	923.11	VMS Sludge Employee	37,914.00	39,657.08	40,850.00	41,667.00	43,333.68
15	924.00	Property Insurance	22,230.00	19,807.50	20,000.00	19,807.50	19,807.50
16	925.00	Workers Comp Insurance	31.15	21.00	25.00	21.00	21.00
17	926.00	Employee Insurance	512.00	512.00	525.00	525.00	525.00
18		Total Expenses	<u>613,387.15</u>	<u>584,120.72</u>	<u>598,219.00</u>	<u>566,832.66</u>	<u>583,411.30</u>
19		Net Revenue Less Expense	(10,584.32)	(3,286.52)	-	-	-
20		Less: Rotary Press Int & Principal	(14,593.80)	(14,593.80)	(14,593.80)	(14,593.80)	

City of Newbern Water Base Rates

Meter Size	City	Rural
3/4 in	\$ 7.35	\$ 14.57
1 in	\$ 13.06	\$ 25.91
2 in	\$ 52.24	\$ 103.63
3 in	\$ 117.54	\$ -
4 in	\$ 208.96	\$ -

DEBT POLICY RESOLUTION RESOLUTION

A RESOLUTION OF THE TOWN OF NEWBERN, TENNESSEE, ESTABLISHING A WRITTEN DEBT MANAGEMENT POLICY.

WHEREAS, the NEWBERN Board of Mayor and Aldermen has determined the need to adopt and implement a modern and consistent policy concerning the incurrence of municipal debt; and

WHEREAS, pursuant to Tennessee Code Annotated § 9-21-151(b)(1), the Tennessee State Funding Board has developed model financial transaction policies which Tennessee municipalities are directed to adopt and enforce.

NOW, THEREFORE, BE IT RESOLVED BY THE NEWBERN BOARD OF MAYOR AND ALDERMEN, AS FOLLOWS:

1. **Purpose and goals.** The purpose of this debt policy is to establish a set of parameters by which debt obligations will be undertaken by the Town of Newbern, TN. This policy reinforces the commitment of the *Town* and its officials to manage the financial affairs of the Town so as to minimize risk, avoid conflicts of interest and ensure transparency while still meeting the capital needs of the Town. A debt management policy signals to the public and the rating agencies that the Town is using a disciplined and defined approach to financing capital needs and fulfills the requirements of the State of Tennessee regarding the adoption of a debt management policy.

The goal of this policy is to assist decision makers in planning, issuing and managing debt obligations by providing clear direction as to the steps, substance and outcomes desired. In addition, greater stability over the long-term will be generated by the use of consistent guidelines in issuing debt.

2. **Definition of debt.** All obligations of the Town to repay, with or without interest, in installments and/or at a later date, some amount of money utilized for the purchase, construction, or operation of Town resources. This includes but is not limited to notes, bond issues, capital leases, and loans of any type, including loans from another internal fund.

3. **Approval of Debt.** Bond anticipation notes, capital outlay notes, all borrowing from internal funds, grant anticipation notes, and tax and revenue anticipation notes will be submitted to the State of Tennessee Comptroller's Office and the Town Council prior to issuance or entering into the obligation. A plan for refunding debt issues will also be submitted to the Comptroller's Office prior to issuance. Capital or equipment leases may be entered into by the Town Council; however, details on the lease agreement will be forwarded to the Comptroller's Office on the specified form within 45 days.

4. **Transparency.** (a) The Town shall comply with legal requirements for notice and for public meetings related to debt issuance.

(b) All notices shall be posted in the customary and required posting locations, including as required local newspapers, bulletin boards, and websites.

(c) All costs (including principal, interest, issuance, continuing, and one-time) shall be clearly presented and disclosed to the citizens, the Town governing board, and other stakeholders in a timely manner.

(d) The terms and life of each debt issue shall be clearly presented and disclosed to the citizens, the Town Council, and other stakeholders in a timely manner.

(e) A debt service schedule outlining the rate of retirement for the principal amount shall be clearly presented and disclosed to the citizens, the Town governing board, and other stakeholders in a timely manner.

5. **Role of Debt.** (a) Long-term debt shall not be used to finance current operations. Long-term debt may be used for capital purchases or construction identified through the capital improvement, regional development, transportation, or master process or plan. Short-term debt may be used for certain projects and equipment financing as well as for operational borrowing; however, the Town will minimize the use of short-term cash flow borrowings by maintaining adequate working capital and close budget management.

(b) In accordance with Generally Accepted Accounting Principles and state law,

1. The maturity of the underlying debt will not be more than the useful life of the assets purchased or built with the debt, not to exceed 30 years; however, an exception may be made with respect to federally sponsored loans, provided such an exception is consistent with law and accepted practices.

2. Debt issued for operating expenses must be repaid within the same fiscal year of issuance or incurrence.

6. **Types and Limits of Debt.** (a) The Town will seek to limit total outstanding debt obligations such that the annual cost of all debt retirement payments, including loan service fees, does not exceed 20% of annual General Fund revenues, excluding enterprise debt, and revenue debt.

(b) The limitation on total outstanding debt must be reviewed prior to the issuance of any new debt.

(c) The Town's/Town's total outstanding debt obligation will be monitored and reported to the governing board by the Finance Officer at such time as the annual budget is presented to the governing board and prior to the issuance of new debt by the Town. The Finance Officer shall monitor the maturities and terms and conditions of all obligations to ensure compliance. The

Finance Officer shall also report to the governing board any matter that adversely affects the credit or financial integrity of the Town.

(d) The Town is authorized to issue General Obligation bonds, Revenue bonds, TIFs, inter-fund and other short-term loans, anticipatory notes and other debt allowed by law. The Town has determined it currently will not issue private debt (debt from a private individual).

(e) The Town will seek to structure debt with level or declining debt service payments over the life of each individual bond issue or loan.

(f) As a rule, the Town will not backload, use "wrap-around" techniques, balloon payments or other exotic formats to pursue the financing of projects. When refunding opportunities, natural disasters, other non-general fund revenues, or other external factors occur, the Town may utilize non-level debt methods. However, the use of such methods must be thoroughly discussed in a public meeting and the governing body must determine such use is justified and in the best interest of the Town.

(g) The Town may use capital leases to finance short-term projects.

(h) Bonds backed with a general obligations pledge often have lower interest rates than revenue bonds. The Town may use its General Obligation pledge with revenue bond issues when the populations served by the revenue bond projects overlap or significantly are the same as the property tax base of the Town. The Town Council and management are committed to maintaining rates and fee structures of revenue supported debt at levels that will not require a subsidy from the Town's General Fund.

7. **Use of Variable Rate Debt.** (a) The Town recognizes the value of variable rate debt obligations and that cities have greatly benefitted from the use of variable rate debt in the financing of needed infrastructure and capital improvements.

(b) However, the Town also recognizes there are inherent risks associated with the use of variable rate debt and will implement steps to mitigate these risks; including:

1. The Town will annually include in its budget an interest rate assumption for any outstanding variable rate debt that takes market fluctuations affecting the rate of interest into consideration.

2. Prior to entering into any variable rate debt obligation that is backed by insurance and secured by a liquidity provider, the Town governing board shall be informed of the potential affect on rates as well as any additional costs that might be incurred should the insurance fail.

3. Prior to entering into any variable rate debt obligation that is backed by a letter of credit provider, the Town governing board shall be informed of the potential affect on

rates as well as any additional costs that might be incurred should the letter of credit fail.

4. Prior to entering into any variable rate debt obligation, the Town governing board will be informed of any terms, conditions, fees, or other costs associated with the prepayment of variable rate debt obligations.

5. The Town shall consult with persons familiar with the arbitrage rules to determine applicability, legal responsibility, and potential consequences associated with any variable rate debt obligation.

8. **Use of derivatives.** The Town chooses not to use derivative or other exotic financial structures in the management of the Town's debt portfolio. Prior to any reversal of this provision:

(a) A written management report outlining the potential benefits and consequences of utilizing these structures must be submitted to the Town governing board; and

(b) The Town governing board must adopt a specific amendment to this policy concerning the use of derivatives or interest rate agreements that complies with the State Funding Board Guidelines.

9. **Costs of Debt.** (a) All costs associated with the initial issuance or incurrence of debt, management and repayment of debt (including interest, principal, and fees or charges) shall be disclosed prior to action by the Town governing board in accordance with the notice requirements stated above.

(b) In cases of variable interest or non-specified costs, detailed explanation of the assumptions shall be provided along with the complete estimate of total costs anticipated to be incurred as part of the debt issue.

(c) Costs related to the repayment of debt, including liabilities for future years, shall be provided in context of the annual budgets from which such payments will be funded (i.e. General Obligations bonds in context of the General Fund, Revenue bonds in context of the dedicated revenue stream and related expenditures, loans and notes).

10. **Refinancing Outstanding Debt.** The Town will refund debt when it is in the best financial interest of the Town to do so, and the Chief Financial Officer shall have the responsibility to analyze outstanding bond issues for refunding opportunities. The decision to refinance must be explicitly approved by the governing body, and all plans for current or advance refunding of debt must be in

compliance with state laws and regulations. The Chief Financial Officer will consider the following issues when analyzing possible refunding opportunities:

(a) Onerous Restrictions – Debt may be refinanced to eliminate onerous or restrictive covenants contained in existing debt documents, or to take advantage of changing financial conditions or interest rates.

(b) Restructuring for Economic Purposes – The Town will refund debt when it is in the best financial interest of the Town to do so. Such refunding may include restructuring to meet unanticipated revenue expectations, achieve cost savings, mitigate irregular debt service payments, or to release reserve funds. Current refunding opportunities may be considered by the Chief Financial Officer if the refunding generates positive present value savings, and the Chief Financial Officer must establish a minimum present value savings threshold for any refinancing.

(c) Term of Refunding Issues – The Town will refund bonds within the term of the originally issued debt. However, the Chief Financial Officer may consider maturity extension, when necessary to achieve a desired outcome, provided such extension is legally permissible. The Chief Financial Officer may also consider shortening the term of the originally issued debt to realize greater savings. The remaining useful life of the financed facility and the concept of inter-generational equity should guide this decision.

(d) Escrow Structuring – The Town shall utilize the least costly securities available in structuring refunding escrows. Under no circumstances shall an underwriter, agent or financial advisor sell escrow securities to the Town from its own account.

(e) Arbitrage – The Town shall consult with persons familiar with the arbitrage rules to determine applicability, legal responsibility, and potential consequences associated with any refunding.

11. **Professional services.** (a) The Town shall require all professionals engaged in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by both the Town and the lender or conduit issuer, if any. This includes “soft” costs or compensations in lieu of direct payments.

(b) Counsel: The Town shall enter into an engagement letter agreement with each lawyer or law firm representing the Town in a debt transaction; except that no engagement letter is required for any lawyer who is an employee of the Town or lawyer or law firm which is under a general appointment or contract to serve as counsel to the Town. The Town does not need an engagement letter with counsel not representing the Town, such as underwriters’ counsel.

(c) Financial Advisor: Should the Town decide to retain a financial advisor, the Town shall enter into a written agreement with each person or firm serving as financial advisor for debt management and transactions. Whether in a competitive sale or negotiated sale, the financial advisor

shall not be permitted to bid on, privately place or underwrite an issue for which they are or have been providing advisory services for the issuance or broker any other debt transactions for the Town.

(d) Underwriter: If an underwriter is retained, the Town shall require the Underwriter to clearly identify itself in writing (e.g., in a response to a request for proposals or in promotional materials provided to an issuer) as an underwriter and not as a financial advisor from the earliest stages of its relationship with the Town with respect to that issue. The Underwriter must clarify its primary role as a purchaser of securities in an arm's-length commercial transaction and that it has financial and other interests that differ from those of the Entity. The Underwriter in a publicly offered, negotiated sale shall be required to provide pricing information both as to interest rates and to takedown per maturity to the Town governing board in advance of the pricing of the debt.


(e) Conflicts: Professionals involved in a debt transaction hired or compensated by the Town shall be required to disclose to the Town existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, liquidity or credit enhancement provider, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow the Town to appreciate the significance of the relationships. Professionals who become involved in the debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform are not subject to this disclosure. No disclosure is required that would violate any rule or regulation of professional conduct.

12. **Review of Policy.** This policy shall be reviewed at least annually by the Town governing board with the approval of the annual budget. Any amendments shall be considered and approved in the same process as the initial adoption of this Policy, with opportunity for public input.

13. **Compliance.** The Town Finance Officer is responsible for ensuring compliance with this policy.

PASSED AND APPROVED THIS 15 DAY OF NOVEMBER, 2011 BY A ROLL CALL VOTE OF THE
NEWBERN BOARD OF MAYOR AND ALDERMEN.

MAYOR

ATTEST: 
Recorder

CITY OF NEWBERN, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Property taxes are levied on October 1 of each year and attach as an enforceable lien on property as of January 1. The City bills and collects its own property taxes. The City's tax bills are mailed on October 1 with payment due dates from October 1 through February 28 and a delinquent date of March 1. Tax revenues are recognized when levied to the extent that they result in current receivables. Governmental funds report deferred revenues in connection with taxes receivable for revenues that are not considered to be available to liquidate liabilities of the current period. The City reports an allowance for doubtful accounts which estimates expected uncollectible receivables.

Inventories and Prepaid Items

The City takes a physical count of inventory at fiscal year-end. Inventories of the proprietary funds are recorded initially in inventory accounts and charged as expenditures when used. Inventories are valued at cost using the moving average method.

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain cash and investment balances of the City are classified as restricted assets on the balance sheet and statement of net position due to debt service and bond requirements.

Capital Assets

Capital assets, including property, plant, vehicles, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the year under examination, there were no interest costs capitalized.

Capital assets of the City are depreciated using the straight line method. Capital assets are depreciated over the following useful lives:

Buildings	40 years
Improvements other than buildings	15 - 20 years
Vehicles and equipment	5 years
Furniture and fixtures	7 - 12 years
Infrastructure	25 years

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized

Urban Water and Sewer Balance Sheet
City of Newbern, TN

	A	B	BK	BL	BM
1	Balance Sheet				
2	City of Newbern, TN				
3	a/c no.	Item	End of Apr-20	End of May-20	End of Jun-20
4					
5		Assets:			
7	101.02	WATER-BUILDING & SYSTEMS	2,850,152	2,850,152	2,850,152
8	101.03	WATER-IMPROV OTHER THAN	13,460,015	13,460,015	13,460,015
9	101.04	WATER-MACHINERY&EQUIPMENT	554,557	554,557	554,557
10	101.10	SEWER PLANT IN SERVICE	105,671	105,671	105,671
11	107.00	WATER CONST WORK IN PROGR	(21,459)	(3,225)	865
12	107.10	SEWER CONST WORK IN PROGR	(1,876)	(1,876)	(1,876)
13	108.00	ACCUMULATED DEPRECIATION	(8,690,702)	(8,718,316)	(8,745,930)
17	125.45	SAVINGS - WORKERS COMPENS	17,558	17,558	17,584
18	125.48	SAVINGS - JDF DEPRECIATIO	24,337	24,337	24,373
19	131.10	CASH ON HAND	1,482,174	1,399,474	1,417,257
22	131.13	CASH-INTERIM-WASTEWATER P	10	10	10
23	131.14	CASH - CMOM PROGRAM	290,515	290,648	282,376
25	135.10	PETTY CASH	50	50	50
28	142.00	CUSTOMER ACCOUNTS RECEIVA	160,161	175,650	176,212
29	143.10	OTHER ACCOUNTS RECEIVABLE	20,412	17,168	16,053
30	144.00	ACCU PROVISION UNCOLLECTI	(32,093)	(32,581)	(32,903)
33	146.40	ACCOUNT RECEIVABLE - R WA	251	(1,101)	(3,199)
34	146.60	ACCOUNT RECEIVABLE - GEN	14,800	14,800	14,800
36	154.00	MATERIALS AND SUPPLIES	111,021	112,608	115,594
38	165.00	PREPAYMENTS - WATER INSUR	15,589	12,541	10,399
40	171.00	INTEREST RECEIVABLE - WAT	45	45	45
42		Total Assets	10,361,188	10,278,185	10,262,107
43		Liabilities & Capital:			
44	216.00	ACCUMULATED EARNINGS	2,033,991	2,033,991	2,033,991
45	220.00	DEFERRED REVENUE	25,660	25,487	25,338
46	221.11	BONDS-REFIN-RURAL DEVELOP	-	(77,400)	(77,400)
52	222.50	BONDS PAYABLE - FMHA TREA	53	53	53
54	222.52	BOND RD 06 - WATER PLANT	369,758	369,758	369,758
55	222.53	BOND RD 06-WATER PLANT AD	163,449	163,449	163,449
56	222.54	BOND RD 07 - WASTEWATER	804,132	804,132	804,132
58	222.56	BONDS PAY - RURAL DEL	1,221,798	1,221,798	1,221,798
59	222.60	DUE TO PAYROLL	(20,567)	(13,457)	(17,865)
61	228.00	NOTE PAYABLE FCNB	229,360	229,360	210,645
62	232.00	A/P - GENERAL	1,568	1,552	1,581
65	234.10	A/P - ELECTRIC DEPT	456	1,852	30
66	234.30	A/P - GAS DEPT	233	466	-
68	234.50	A/P - GENERAL FUND	0	0	3,000
71	235.00	CUSTOMERS DEPOSITS	(734)	(734)	(749)
74	237.00	1979 WATER BOND - GE CAPI	11,794	11,794	11,794
75	237.10	1998A-1998 SEWER BONDS	350	350	350
76	237.11	ACCRU INT - CASE CREDIT S	1,333	1,333	1,333
78	237.30	SRL - ACCRUED INT ON BOND	803	803	803
79	237.50	ACCRUED INT - SLUDGE BOX	(1,689)	(1,689)	(1,689)
81	237.70	ACCRUED INT - BIOFILM GRA	(502)	(502)	(502)
82	237.75	ACCRUED INT - ROTARY PRES	1,743	1,743	1,743
83	241.00	TAX PAYABLE - SALES TAX	1,888	2,156	2,279
85	242.30	COMPENSATED ABSENSES PAYA	7,060	7,060	7,060
86	300.00	INVESTMENT OF MUNICIPALIT	260,021	260,021	260,021
87	300.05	FEDERAL GRANTS IN AID OF	782,857	782,857	782,857
88	300.10	STATE AID IN CONSTRUCTION	524,881	524,881	524,881
89	300.20	CONTRIBUTION IN AID OF CO	21,265	21,265	21,265
90	300.30	A/P - CDBG WW IMPROVEMENT	500,000	500,000	500,000
91	300.40	A/P CDBG GRANT - WATER PL	399,274	399,274	399,274
92	300.50	A/P TIPP GRANT - LIFTSTAT	183,379	183,379	183,379
93	300.60	A/P CDBG GRANT-WATER WELL	498,700	498,700	498,700
94	300.70	A/P R D GRANT - WATER PLA	746,500	746,500	746,500
95	300.80	A/P R D GRANT - WASTEWATE	451,000	451,000	451,000
96	300.90	2006 CDBG GRANT - WASTEWA	500,000	500,000	500,000
97	300.95	2010 CDBG GRANT - WASTEWA	500,000	500,000	500,000
98		Total Liabilities	10,219,815	10,151,235	10,128,811
99		Revenue Minus Expenditures	141,373	126,951	133,296
100		Total Liabilities and Capital	10,361,188	10,278,185	10,262,107



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Entity Referred: **City of New Johnsonville**
Referral Reason: **Negative Change in Net Position**
Utility Type Referred: **Water and Sewer**

Staff Summary:

The City was referred to the Board for financial distress on March 25, 2019.

In accordance with the Board’s September 30, 2019 order, the City engaged the Tennessee Association of Utility Districts (“TAUD”) to perform a rate study and has since implemented all resulting recommendations. The TAUD report and the City ordinances implementing its recommendations are attached.

Staff Recommendation

1. The City shall send financial updates to Board staff by March 1st and September 1st of each year, beginning March 1, 2021, until the Board releases the City from its oversight.

RESOLUTION NO. 2020-07

A RESOLUTION TO ESTABLISH CAPITALIZATION THRESHOLDS AND USEFUL SERVICE LIVES FOR ASSETS TO BE RECORDED AS CAPITAL ASSETS IN THE CITY'S FINANCIAL STATEMENTS

WHEREAS, the City of New Johnsonville, Tennessee (the City) desires to formally adopt the capitalization thresholds and useful service lives at which its assets have historically been capitalized and recorded as capital assets in the City's financial statements; and

WHEREAS, the City desires to establish appropriate capitalization thresholds and useful service lives for its water and sewer system assets which are consistent with the directives of the Water and Wastewater Financing Board for municipal water and sewer systems.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council that:

(a) **Capitalization Thresholds.** City assets with an estimated useful life of two years or more and which meet the following thresholds will be capitalized:

Equipment	\$ 500
Improvements, Infrastructure, Buildings	\$10,000
Water and Sewer System	\$ 1,000

Land and Construction in Progress are capitalized but not depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

(b) **Asset Cost Basis.** Capital assets shall be recorded at historical cost when the cost is reasonably determinable. If historical cost data is not determinable, an estimated historical cost will be used.

- (1) Actual Cost – This cost will include the purchase or construction cost (which can be obtained through invoice, purchase order, and paid check files) and charges necessary to place the asset into service at its intended location. Such necessary costs may include costs such as freight and transportation, site preparation expenditures, interest costs, professional fees, and legal claims directly attributable to asset acquisition.
- (2) Estimated Cost – This cost will be based on as much documentary evidence as can be found to support the cost, such as interviews with vendors selling such assets, engineers or other personnel, and price level adjustments based on the Consumer Price Index for each asset.
- (3) Donated Cost – These assets will be based on their estimated fair market value at time of acquisition. A determination as to the fair market value basis will be included with property records.

- (4) Interest on Debt Issued – Interest on debt issued for the construction of an asset will be capitalized as part of the asset’s cost to the extent of the interest that was incurred during the construction period only.

(c) **Depreciation.**

- (1) Depreciation is a method for allocating the cost of capital assets over their useful lives. Generally accepted accounting principles dictate that the value of the capital asset must be written off as an expense over the useful life of the asset.
- (2) Annual depreciation expense will be calculated using the straight-line method.
- (3) When the asset is disposed of, the actual date of disposal is disregarded, and the disposal date is the end of the month prior to the month of disposal (i.e. no depreciation is taken for the month of disposal).
- (4) The salvage value of an asset is an estimate made by management of what the value of an asset will be at the end of its useful life. If the City intends to use a capital asset until it is literally worthless, a salvage value of zero (0) will be assigned.

(d) **Useful Lives of Capital Assets**

<u>Asset Type</u>	<u>Useful Life in Years</u>
Land and Easements	No depreciation
Buildings (other than water and sewer system)	20 - 40
Improvements other than buildings	20
Infrastructure (other than water and sewer system)	20 - 25
Machinery and equipment	3 - 20
Water System:	
Buildings (Office and Plant)	30 - 50
Equipment and Tools	10 - 15
Furniture and Fixtures	5 - 10
Machinery, Equipment and Service Vehicles	5 - 15
Pumps and Treatment Equipment	15 - 20
Transportation Equipment	5 - 10
Water Lines and Storage	40 - 50
Well / Dam	Engineer’s Estimate

Sewer System:

Buildings (Office and Plant)	30 - 50
Equipment and Tools	10 - 15
Furniture and Fixtures	5 - 10
Machinery, Equipment and Service Vehicles	5 - 15
Pumps and Treatment Equipment	15 - 20
Transportation Equipment	5 - 10
Wastewater (Sewer) System	40 - 50

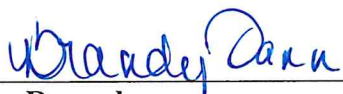
BE IT FURTHER RESOLVED, that this Resolution is effective upon the date of its adoption.

Adopted this 14th day of September, 2020.



Mayor

ATTEST:



City Recorder

ORDINANCE NO. 2020-05

AN ORDINANCE TO ESTABLISH THE WATER, SANITATION AND SEWER RATES FOR THE CITY OF NEW JOHNSONVILLE

WHEREAS, the City of New Johnsonville's water system must comply with rules and regulations of both the state and federal governments; and

WHEREAS, the state has certain requirements that the city's water system must be run in a financially sound manner.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of New Johnsonville, Tennessee that:

Section 1. The City shall hereby raise both the water and sewer rates to adequately fund upcoming projects within the City. The water and sewer rates for the City of New Johnsonville shall be as follows in the following rate schedule effective for fiscal year 2020-2021.

Section 2. Ordinance 2019-01 pertaining to the establishment of rate schedules is hereby repealed in its entirety and replaced with the following:

(A) WATER RATES

Residential--Inside City Limits:

Up to 1,500 gallons.....	\$22.39 Per Month
1,501 to 4,999 gallons.....	6.25 Per 1,000 Gallons
Over 5,000 gallons.....	4.50 Per 1,000 Gallons

Outside City Limits:

Up to 1,500 gallons.....	\$ 31.48 Per Month
1,501 to 4,999 gallons.....	9.37 Per 1,000 Gallons
Over 5,000 gallons.....	5.60 Per 1,000 Gallons

Commercial—Inside & Outside City Limits:

Up to 1,500 gallons.....	\$ 31.48 Per Month
1,501 to 4,999 gallons.....	9.37 Per 1,000 Gallons
Over to 5,000 gallons.....	5.60 Per 1,000 Gallons

Industrial—Inside & Outside City Limits:

Up to 20,000 gallons.....	\$ 250.00 Per Month
All Usage Over 20,000 gallons.....	6.10 Per 1,000 Gallons

Sales Tax:

In addition to the rates set forth above for water rates, there shall be an additional tax collected at such lawful rate as set by the State of Tennessee, Humphreys County or the City of New Johnsonville for a sale or use tax.

(B) SEWER RATES

Residential Inside City Limits:

Residential rates for sewer users shall be charged at an amount in addition to the water bill at the following rates:

Up to 1,500 gallons.....	\$22.39 Per Month
1,501 to 4,999 gallons.....	6.25 Per 1,000 Gallons
Over 5,000 gallons.....	4.50 Per 1,000 Gallons

Outside City Limits:

Up to 1,500 gallons..... \$ 31.48 Per Month
1,501 to 4,999 gallons..... 9.37 Per 1,000 Gallons
Over 5,000 gallons..... 5.60 Per 1,000 Gallons

Commercial---Inside & Outside City Limits:

Up to 1,500 gallons..... \$ 31.48 Per Month
1,501 to 4,999 gallons..... 9.37 Per 1,000 Gallons
Over 5,000 gallons..... 5.60 Per 1,000 Gallons

Industrial---Inside & Outside City Limits:

Up to 20,000 gallons..... \$ 250.00 Per Month
Over 20,000 gallons..... 6.10 Per 1,000 Gallons

(C) REFUSE FEES

All residential customers inside the corporate city limits shall be charged \$14.12 per month for collection and disposal of refuse. All commercial customers and residential customers outside the corporate city limits shall be charged \$19.83 per month for collection and disposal of refuse.

(D) CONNECTION FEES TO WATER AND SEWER SERVICE

1. Water Inside & Outside City Limits:

¾" Line \$ 1,350.00
1" Line \$ 1,500.00
1 ½" Line \$ 1,800.00
2" Line \$ 2,400.00
Over 2" Line—Actual Cost

2. Sewer----Inside or Outside City Limits:

4" Line \$1,500.00
6" Line \$2,250.00

Section 3. ANNUAL RATE ADJUSTMENT OF WATER AND SEWER RATES:

Water and Sewer rates will be reviewed annually.

Section 4. This ordinance shall take effect immediately upon its adoption, the public

welfare requiring it.

PASSED 1st Reading September 14, 2020

PASSED 2nd Reading October 5, 2020



Mayor

Attest:



City Recorder

ORDINANCE NO. 2020-06

**An Ordinance Amending Title 18, Chapter 1, Section 18-111 of the City of New Johnsonville, Tennessee Municipal Code
Relative to Water Turn-ons Due to Non-Payment or Violations.**

WHEREAS, the City of New Johnsonville wishes to amend Section 18-111 to coincide with Section 18-127 and to cover the cost of water turn-ons due to non-payment or violations of the provisions of Chapter 1 of the municipal code.

BE IT ORDAINED by the Mayor and City Council of the City of New Johnsonville, Tennessee, that Title 18, Chapter 1, Section 18-111 be amended, as follows:

Section 1. Title 18, Chapter 1, Section 18-111 of the New Johnsonville Municipal Code be deleted in its entirety and substituted in lieu thereof the following:

18-111. Turn-ons Due to Non-Payment or Violations. Water shall not be turned into any water line for any purpose by anyone except an authorized employee of the city. Whenever water and/or sewer service has been discontinued for non-payment of any bill or because of a violation of any of the provisions of this chapter a charge of fifty dollars (\$50.00), payable in advance, shall be made to cover the cost of turning the water on again. The charge to turn-on water after normal business hours shall be one hundred dollars (\$100.00), payable in advance.

Section 2. This Ordinance shall take effect immediately upon its adoption, the public welfare requiring it.

PASSED 1st Reading 9-14-2020

PASSED 2nd Reading 10-05-2020

ATTEST:

Brandy Tann
City Recorder

[Signature]
Mayor

City Attorney (approved as to form)

ORDINANCE NO. 2020-07

An Ordinance Authorizing Leak Adjustments for Water and Sewer Customers of the City of New Johnsonville, Tennessee

WHEREAS, the Mayor and City Council desires to have a fair, consistent and equitable procedure to adjust high water and sewer bills caused by leak on the customer's side of the City's water meter.

BE IT ORDAINED by the Mayor and City Council of the City of New Johnsonville, Tennessee, that the following be enacted to provide for the adjustment of high water and sewer bills caused by a leak on the customer's side of the meter.

Section 1. Title 18, Chapter 1, Section 18-126 of the New Johnsonville Municipal Code shall be amended by inserting Section 18-126, as follows:

18-126. Leak Adjustments

- (1) The customer is responsible for paying for all metered water usage at the customer's service address and for paying all sewer charges based upon metered water usage. Customers are responsible for keeping their plumbing repaired in good working order.
- (2) The City will adjust a high monthly water bill caused by a water leak in the customer's service line or plumbing when the following conditions are met.
 - (a) The water usage in the high monthly water bill must be at least 150% higher than the customer's average monthly water usage for the preceding three months. The month in which the leak occurred shall be excluded in calculating the customer's average monthly water usage for the preceding three-month period. When a customer does not have three months of water usage history with the City, the customer's average water usage will be based upon the customer's water usage for the number of full months the customer has actually received water service at the service address.
 - (b) The customer must locate and timely repair the water leak which must be verified by the City. The repair may be verified one of the following methods.
 - (i) The customer must present the City with a bill or invoice from a plumber confirms that the leak has been located and repaired.
 - (ii) The customer must provide the City with a copy a bill or invoice for the materials purchased to repair the leak and must verify the customer repaired the leak
 - (c) A leak must be repaired within 30 days of the due date of the bill which shows the customer has a water leak. When a customer is notified of a leak by the city, the leak must be repaired within 30 days of receiving such notice. The customer must submit a leak adjustment request form to the City to get the leak adjustment.

- (d) When the customer has a chronic leak, the City may require the replacement of the pipe before a leak adjustment is made.
 - (e) The leak must have been concealed and not readily detectable by a reasonable person such as a leak in an underground water service line between the meter and the exterior of a building or within walls or under the floors of a building.
 - (f) No leak adjustment will be made for leaks which are readily detectable by the customer. These include the following:
 - (i) Leaking faucets and toilets;
 - (ii) Faucets, hoses and other water outlets left running;
 - (iii) Leaks from frozen pipes;
 - (iv) Water used for filling swimming pools, washing cars and irrigating lawns gardens; or
 - (v) Leaks from swimming pool systems and from irrigation systems.
 - (g) Only one bill will be adjusted for a qualifying leak in any consecutive twelve-month period. The leak adjustment will only be made in the billing cycle in which the leak is repaired.
- (3) The leak adjustment for the water bill will be calculated as follows:

STEP 1: Determine the customer's most recent average seasonal water usage which corresponds to the monthly bill being adjusted. Seasonal water usage means the average water use for the following three-month periods: winter usage from January-March; spring usage from April-June; summer usage from July-September and fall usage from October-December. When a customer does not have a full year of water usage with the City at the service address, the leak adjustment will be made based upon the customer's average water usage for the preceding three months.

STEP 2: Subtract the customer's average monthly gallons water usage from STEP 1 from the total water usage included in the high bill being adjusted to establish the amount of the overage in gallons.

STEP 3: Divide the overage gallons by two to determine the number of gallons to be used to make the leak adjustment to the bill.

STEP 4: The adjusted water bill will be computed using the customer's average monthly water usage plus the water usage from STEP 3, plus sales tax and any other charges that may apply.

Example: The customer's water usage on the high bill being adjusted is 20,000 gallons. The customer's average monthly water usage is 4,000 gallons. The leak adjustment is computed as follows:

Water usage included in high bill	20,000
Average monthly water usage	<u>- 4,000</u>
Overage gallons	16,000

$(16,000)/2 = 8,000$ -- Overage gallons used to make water bill adjustment

Gallons used for adjusted bill - $(4,000) + (8,000) = 12,000$

- (4) When the City determines that the water from the leak did not enter the City's sewer system, the City will adjust the customer's sewer bill to the customer's average using the customer's average monthly water usage as defined in section 3.
- (5) When a high sewer bill is caused by a water leak which does not qualify for a water leak adjustment under section (2) and the City determines the water from the non-qualifying leak did not enter the City's sewer system, the City will adjust the customer's high sewer bill to the customer's average sewer bill using the customer's average monthly water usage as defined in section 3.
- (6) The City will adjust a customer's sewer bill once each year for water used by the customer to fill a swimming pool. The customer must submit a leak adjustment request form and include the number of gallons of water used to fill the pool to obtain the adjustment.
- (7) In hardship cases the City's Mayor and City Council may approve monthly installment payment for the adjusted bill not to exceed twelve (12) consecutive monthly installments.

Section 2. This Ordinance shall take effect immediately upon its adoption, the public welfare requiring it.

PASSED 1st Reading 9-14-2020

PASSED 2nd Reading 10-05-2020



 Mayor

ATTEST:



 City Recorder

 City Attorney (approved as to form)

ORDINANCE NO. 2020-08

**An Ordinance Authorizing a Turn Off-On Fee
for the Water Customers of the City of New Johnsonville, Tennessee**

WHEREAS, the City of New Johnsonville wishes to enact an Ordinance requiring the City's water customers to pay a turn off-on fee when the customer requests the City to turn off water service to allow the customer to make repairs.

BE IT ORDAINED by the Mayor and City Council of the City of New Johnsonville, Tennessee, that a new Section 18-127 be enacted to the New Johnsonville Municipal Code.

Section 1. Title 18, Chapter 1, Section 18-127 of the New Johnsonville Municipal Code shall be amended by inserting Section 18-127, as follows:

18-127. Turn Off-On Fee. When the customer requests the City to turn off its water to allow the customer to repair its customer service line past the meter or to repair the customer's plumbing, the customer will pay a turn off-on fee. The turn off-on fee will be \$50.00 during the City's normal business hours and will be \$100.00 after normal business hours, on weekends and on holidays.

Section 2. This Ordinance shall take effect immediately upon its adoption, the public welfare requiring it.

PASSED 1st Reading 9-14-2020

PASSED 2nd Reading 10-05-2020

ATTEST:

Brandy Darr
City Recorder

J. A. Boyle
Mayor

City Attorney (approved as to form)

Ordinance No. 2020-09

An Ordinance Authorizing the Payment of Late Fees by Water, Trash and Sewer Customers of the City of New Johnsonville, Tennessee

WHEREAS, the City of New Johnsonville wishes to enact an Ordinance requiring the City's water customers to pay a late fee when the customer does not pay their bill by the 10th of each month.

BE IT ORDAINED by the Mayor and City Council of the City of New Johnsonville, Tennessee, that a new Section 18-128 be enacted to the New Johnsonville Municipal Code.

Section 1. Title 18, Chapter 1, Section 18-128 of the New Johnsonville Municipal Code shall be amended by inserting Section 18-128, as follows:

18-128. Late Fees. Monthly bills for water, trash and sewer service must be paid by the due date (10th of each month) on the bill. When payment is received after the due date, the customer will pay a late fee of 10% of the amount of the bill.

PASSED 1st Reading: 9-14-2020

PASSED 2nd Reading: 10-05-2020



Mayor

ATTEST:



City Recorder



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Entity Referred: **City of Rutledge**
Referral Reason: **Negative Change in Net Position**
Utility Type Referred: **Water and Sewer**

Staff Summary:

The City was referred to the Board for financial distress on February 14, 2020. The City’s financial questionnaire was returned timely and can be found in the accompanying pages.

The City indicated in its financial questionnaire that its board has voted to increase rates across all classes by roughly 10%.in June 2020. Board staff is unable to deem whether this rate increase is sufficient.

Staff Recommendation

1. The City 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. creation of a capitalization policy;
 - b. a review of all utility fees, including any recommended modifications;
 - c. a review of the new customer contract, including any recommended modifications;
 - d. a review of the capital asset list, including any recommended modifications; and
 - e. creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs.
2. By December 31, 2020, the City shall send Board staff a copy of the contract between the City and the qualified expert who is to perform the tasks in paragraph 1.
3. By December 31, 2020, the City shall send Board staff proof that all members of the utility system’s governing body have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
4. By April 1, 2021, the City 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 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 City.



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Monday, June 29, 2020

City of Rutledge
Mayor Fred Sykes
8655 Rutledge Pike
Rutledge, TN 37861

Dear Mayor Sykes,

The Tennessee Comptroller of the Treasury has referred the City of Rutledge to the Water & Wastewater Financing Board (hereinafter "Board") for financial distress pursuant to Tennessee Code Annotated § 68-221-1010(a).

Please fill out the enclosed questionnaire and return it and all supporting documentation to our office no later than September 20, 2020. Please submit this to either utilities@cot.tn.gov and/or the following mailing address:

TN Comptroller of the Treasury
Attention: John Greer/Ross Colona
Cordell Hull Building
425 Fifth Avenue North
Nashville, TN 37243

If you wish to submit this information via mail, **do not send stapled documents.**

While we recognize that this questionnaire may be difficult to fill out, it is necessary to determine how we can help you achieve long-term financial success. If you are having trouble filling this out, please contact our office for additional assistance. After we receive your information, we will decide whether it is necessary for the City to meet with our staff or go directly before the Board.

If you need further assistance or have any questions, please feel free to contact us at (615) 747-5260 or utilities@cot.tn.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "John Greer".

John Greer
Assistant Director

Ross Colona
Ross Colona
Financial Analyst

WWFB Financial Questionnaire

The following questionnaire is composed of three sections- a contact information section, a water utility information section, and a wastewater utility information section. If you do not have a water utility, then the corresponding section does not need to be filled out. If you do not have a wastewater utility, then the corresponding section does not need to be filled out.

If you are a utility that has both a water system and a wastewater system, then you may find that some of these questions are redundant in both sections. If this is the case, you do not need to provide duplicate information. It is okay to indicate that the answer is the same in both sections.

The questions will be answered as follows:

- a. Yes or No (circle your answer),
- b. Short answer; or
- c. Provide a response as an attachment to this questionnaire.

You will find a list at the end of Section B and Section C that will detail the manner in which attachments should be sent in.

Section A: Contact Information

Please provide contact information for the utility by responding to the fields below.

Utility Address Information	
Utility Contact Address Line 1:	P.O. Box 36
Utility Contact Address Line 2:	8655 Rutledge Pike
Utility Contact Address City:	Rutledge
Utility Contact Address State:	TN
Utility Contact Address Zip Code:	37861
Contact Person 1 Information	
Contact Person 1 Title:	Finance Director
Contact Person 1 Name:	Stacy Harbin
Contact Person 1 Email Address:	townofrutledge@gmail.com
Contact Person 1 Phone Number:	865-828-4513
Contact Person 2 Information	
Contact Person 2 Title:	Mayor
Contact Person 2 Name:	Fred A. Sykes
Contact Person 2 Email Address:	townofrutledge@gmail.com
Contact Person 2 Phone Number:	865-828-4513

Section B: Water Utility Information

1. Does your utility offer water? *YES*
 - a. If yes, please complete the following section. If no, please proceed to Section C: Wastewater Utility Information.
2. Have you had any rate changes in the previous five years?
 Yes or No (Circle your answer)
 - a. Please provide a copy of your current rate ordinance/structure and the justification for why the rates are set this way- including any recent rate studies performed for the utility.
 - b. Please provide a copy of previous rate ordinances/structures from the previous five years if you answered yes to Question #2.
 - c. If you have differing rate classes (inside/outside city limits, residential/commercial/industrial, new developments, etc.), please provide justification as to why these rates are set the way they are.
3. Do you have any current plans for a rate change?
 Yes or No (Circle your answer)
 - a. If yes, please provide a written answer to the following questions:
 - i. Are you planning for a rate increase or decrease? *Decrease*
 - ii. Are you planning this change across all customer classes or only on a certain customer class? *All Classes*
 - iii. Has your Board voted on this rate change yet? *YES*
 - iv. If your Board has discussed a rate change at recent meetings, please attach a copy of the relevant minutes at which this meeting took place.
4. Have you had any utility fee changes in the previous five years?
 Yes or No (Circle your answer)
 - a. Please provide a copy of your current utility fee schedule.
 - b. Please provide a copy of previous utility fee schedules if you answered yes to Question #3.
 - c. Please provide a written rationale for the charges for tap fees, reconnect fees, etc.
5. Has your debt management policy been reviewed in the last 5 years?
 Yes or No (Circle your answer)
 - a. Please provide a copy of your debt management policy. If you do not have a debt management policy, please provide a written rationale for why a debt management policy has not been adopted.
6. Has your capitalization policy been reviewed in the last 5 years?
Yes or No (Circle your answer)
 - a. Please provide a copy of your capitalization policy. If you do not have a capitalization policy, please provide a written rationale for why a capitalization policy has not been adopted.

7. Please provide the most recent 3 months of balance sheets and income statements for your water fund. Attached
 - a. If you are a water and wastewater utility and are having difficulty breaking out the accounts, please use percentages or estimate for accounts for the most accurate depiction of the financial status of the utility.
8. Do you have a plan to remedy your financially distressed position for your water fund?
 Yes or No (Circle your answer)
 - a. If yes, please provide a detailed copy.
 - b. If no, please provide a justification for why not.
9. Who has the authority to set rates and fees?

Answer: Board of Mayor & Alderman

- a. Is this a board or committee separate from your local legislative body? (City Council, Board of Mayor and Alderman, etc.)
 Yes or No (Circle your answer)
 - b. Please provide a list containing the following information for the aforementioned individuals: Attached
 - i. Name
 - ii. Title
 - iii. Mailing Address
 - iv. Phone Number
 - v. Date of Initial Election or Appointment
 - vi. Have they fulfilled their initial 12 hour training requirement within the first year of service, if applicable? Yes or No
 - vii. If so, please provide proof that the training requirement has been satisfied.
10. How many total customers do you currently have?

Answer: 692 ALWUA Report is attached also

- a. Please provide a numerical break-down of the totals for each type of customer:
 - i. Billed
 - ii. Unbilled
 - iii. Metered
 - iv. Unmetered
 - v. Breakdown by Rate Class (inside, outside, inside residential, inside commercial, outside residential, outside commercial, etc.)
11. What percentage of your sales do your largest 10 customers account for annually?
 (Largest 10 Customer Sales Total / Total Annual Water Sales)

Answer: See Attached

12. What percentage of your volume do you largest 10 customers account for annually?
 (Gallons of Water sold to Largest 10 Customers / Total Gallons of Water Sold)

Answer: See Attached

13. Do you have a leak adjustment policy?

Yes or No (Circle your answer)

- a. If yes, how many leak adjustments were performed based on your leak adjustment policy in the last 12 months? What is the cost associated with these leaks?

Answer: See Attached

- b. If yes, please attach a copy of your leak adjustment policy.
c. If no, please move on to the next question.

14. Have you incurred any new debt during the current fiscal year for your water utility, or do you plan on incurring any debt during the current fiscal year for your water utility?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding the debt.
b. If no, please move on to the next question.

15. Have you received any grants or capital contributions during the current fiscal year for your water utility, or do you plan on receiving any grants or capital contributions during the current fiscal year for your water utility?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding these grants or capital contributions.
b. If no, please move on to the following question.

16. Have you applied for any grants that will be received over the next two years?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding these potential grants.
b. If no, please move on to the following question.

17. Are your customers made aware of the rates and fees you have in place annually?

Yes or No (Circle your answer)

- a. If yes, how is this accomplished?
b. If no, please provide a written justification as to why not.

18. Do you review your capital asset list?

Yes or No (Circle your answer)

- a. If yes, how often is this list reviewed and by whom?
b. If no, please provide a written justification as to why not.
c. Please provide a copy of your capital asset plan, or a justification as to why you do not have one.

19. Do you keep a copy of your capital asset list on file?

Yes or No (Circle your answer)

20. Do you produce your own water supply?

Yes or No (Circle your answer)

- a. If yes, what is the cost per thousand gallons to produce?

Answer:

- b. If no, please move on to the next question.

21. Do you purchase your water supply? Yes

- a. If yes, please provide the following:
 - i. List of entities water is purchased from
 - ii. Rates at which water is purchased at
 - iii. Water purchase contract with these entities, if no contract exists please give an explanation as to why there is no contract.
 - b. If no, please move on to the following question.
22. Do you have any wholesale customers?
- Yes or No (Circle your answer)
- a. If yes, please provide the contract(s) with these customer(s) or a detailed explanation as to why a contract does not exist and the rate at which water is sold to this customer.
 - b. If no, please move on to the following question.
23. Do you have a plan to improve your non-revenue water percentage?
- Yes or No (Circle your answer)
- a. If yes, please provide a detailed explanation as to how this will be improved along with your current non-revenue water percentages by cost and by volume.
 - b. If no, please provide a detailed justification as to why the current non-revenue water percentage does not need to be improved along with your current non-revenue water percentages by cost and by volume.
24. Are there any environmental concerns currently or forthcoming that will put a financial burden on the system?
- Yes or No (Circle your answer)
- a. If yes, please provide a detailed explanation as to what the concern or issue is and the extent of the financial burden that will be incurred.
 - b. If no, please move on to the next question.
25. In regard to your governing body, how frequently do you meet and what is your practice of providing notice of your meetings?

Answer: 2nd Thursday of every month

Water Attachment List

The previous questions asked for several written explanations and attachments. Below you will find a list of the necessary attachments for questions depending on the answers provided. Please attach the following documents in the order listed with the Water Attachment Number at the top of the corresponding document. You may find that due to some of your answers you may not need to provide an attachment as listed; that is acceptable. **Please do not send in any stapled documents.**

Water Attachment Number, Question Number Asking for Document	Requested Document
Attachment Number: 1 Question Number: Section B, Question #2	Current Rate Ordinance/Structure and Justification
Attachment Number: 2 Question Number: Section B, Question #2	Previous Rate Structure/Ordinance
Attachment Number: 3 Question Number: Section B, Question #3	Rate Change Information
Attachment Number: 4 Question Number: Section B, Question #4	Current Utility Fee Schedule
Attachment Number: 5 Question Number: Section B, Question #4	Previous Utility Fee Schedules
Attachment Number: 6 Question Number: Section B, Question #4	Written Rationale for Utility Fee Justification
Attachment Number: 7 Question Number: Section B, Question #5	Debt Management Policy; or Justification for lack thereof
Attachment Number: 8 Question Number: Section B, Question #6	Capitalization Policy; or Justification for lack thereof
Attachment Number: 9 Question Number: Section B, Question #7	Financial Statements
Attachment Number: 10 Question Number: Section B, Question #8	Financial Distress Remedy Plan; or Justification for lack thereof
Attachment Number: 11 Question Number: Section B, Question #9	Board Training Information
Attachment Number: 12 Question Number: Section B, Question #10	Customer Count Breakdown

Attachment Number: 13 Question Number: Section B, Question #13	Leak Adjustment Policy
Attachment Number: 14 Question Number: Section B, Question #14	Debt Response
Attachment Number: 15 Question Number: Section B, Question #15	Grants/Contributions Response
Attachment Number: 16 Question Number: Section B, Question #16	Future Grants Response
Attachment Number: 17 Question Number: Section B, Question #17	Customer Rate Awareness Response
Attachment Number: 18 Question Number: Section B, Question #19	Capital Asset List Review Response
Attachment Number: 19 Question Number: Section B, Question #21	Water Purchase Information
Attachment Number: 20 Question Number: Section B, Question #22	Wholesale Customer Information
Attachment Number: 22 Question Number: Section B, Question #23	Non-Revenue Water Response
Attachment Number: 23 Question Number: Section B, Question #24	Environmental Concerns Response

Section B: Wastewater Utility Information

1. Does your utility offer wastewater? Yes
 - a. If yes, please complete the following section.
2. Have you had any rate changes in the previous five years?
Yes or No (Circle your answer)
 - a. Please provide a copy of your current rate ordinance/structure and the justification for why the rates are set this way- including any recent rate studies performed for the utility.
 - b. Please provide a copy of previous rate ordinances/structures from the previous five years if you answered yes to Question #2.
 - c. If you have differing rate classes (inside/outside city limits, residential/commercial/industrial, new developments, etc.), please provide justification as to why these rates are set the way they are.
3. Do you have any current plans for a rate change?
Yes or No (Circle your answer)
 - a. If yes, please provide a written answer to the following questions:
 - i. Are you planning for a rate increase or decrease?
 - ii. Are you planning this change across all customer classes or only on a certain customer class?
 - iii. Has your Board voted on this rate change yet?
 - iv. If your Board has discussed a rate change at recent meetings, please attach a copy of the relevant minutes at which this meeting took place.
4. Have you had any utility fee changes in the previous five years?
Yes or No (Circle your answer)
 - a. Please provide a copy of your current utility fee schedule.
 - b. Please provide a copy of previous utility fee schedules if you answered yes to Question #3.
 - c. Please provide a written rationale for the charges for tap fees, reconnect fees, etc.
5. Has your debt management policy been reviewed in the last 5 years?
Yes or No (Circle your answer)
 - a. Please provide a copy of your debt management policy. If you do not have a debt management policy, please provide a written rationale for why a debt management policy has not been adopted.
6. Has your capitalization policy been reviewed in the last 5 years?
Yes or No (Circle your answer)
 - a. Please provide a copy of your capitalization policy. If you do not have a capitalization policy, please provide a written rationale for why a capitalization policy has not been adopted.

7. Please provide the most recent 3 months of balance sheets and income statements for your utility. Attached
 - a. If you are a water and wastewater utility and are having difficulty breaking out the accounts, please use percentages or estimate for accounts for the most accurate depiction of the financial status of the utility.
8. Do you have a plan to remedy your financially distressed position for your wastewater fund?
 - Yes or No (Circle your answer)
 - a. If yes, please provide a detailed copy.
 - b. If no, please provide a justification for why not.
9. Who has the authority to set rates and fees?

Answer: See Section A

- a. Is this a board or committee separate from your local legislative body? (City Council, Board of Mayor and Alderman, etc.)

Yes or No (Circle your answer)
 - b. Please provide a list containing the following information for the aforementioned individuals:
 - i. Name
 - ii. Title
 - iii. Mailing Address
 - iv. Phone Number
 - v. Date of Initial Election or Appointment
 - vi. Have they fulfilled their initial 12 hour training requirement within the first year of service, if applicable? Yes or No
 - vii. If so, please provide proof that the training requirement has been satisfied.
10. How many total customers do you currently have?

Answer: Approx 311

- a. Please provide a numerical break-down of the totals for each type of customer:
 - i. Billed
 - ii. Unbilled
 - iii. Metered
 - iv. Unmetered
 - v. Breakdown by Rate Class (inside, outside, inside residential, inside commercial, outside residential, outside commercial, etc.)
11. What percentage of your sales do your largest 10 customers account for annually?
(Largest 10 Customer Revenues Total / Total Annual Wastewater Revenue)

Answer: See Attached

12. What percentage of your volume do you largest 10 customers account for annually?
(Wastewater Revenue for Largest 10 Customers / Total Wastewater Revenue)

Answer: See Attached

13. Do you adjust wastewater bills for customers with water leaks?

Yes or No (Circle your answer)

- a. If yes, how many leak adjustments were performed based on your leak adjustment policy in the last 12 months? What is the cost associated with these leaks?

Answer:

a. If yes, please attach a copy of your adjustment policy.

b. If no, please move on to the next question.

14. Have you incurred any new debt during the current fiscal year for your wastewater utility, or do you plan on incurring any debt during the current fiscal year for your water utility?

Yes or No (Circle your answer)

a. If yes, please provide a detailed explanation regarding the debt.

b. If no, please move on to the next question.

15. Have you received any grants or capital contributions during the current fiscal year for your wastewater utility, or do you plan on receiving any grants or capital contributions during the current fiscal year for your water utility?

Yes or No (Circle your answer)

a. If yes, please provide a detailed explanation regarding these grants or capital contributions.

b. If no, please move on to the following question.

16. Have you applied for any grants that will be received over the next two years?

Yes or No (Circle your answer)

a. If yes, please provide a detailed explanation regarding these potential grants.

b. If no, please move on to the following question.

17. Are your customers made aware of the rates and fees you have in place annually?

Yes or No (Circle your answer)

a. If yes, how is this accomplished? *See Attached*

b. If no, please provide a written justification as to why not.

18. Do you review your capital asset list?

Yes or No (Circle your answer)

a. If yes, how often is this list reviewed and by whom?

b. If no, please provide a written justification as to why not.

19. Do you keep a copy of your capital asset list on file?

Yes or No (Circle your answer)

20. Excluding any customers on wells, are **all** of your customers billed based on water usage?

Yes or No (Circle your answer)

a. If yes, who supplies the usage data, and are there multiple water suppliers for your customers?

Answer:

- b. If no, but **some** of your customers are billed based on water usage, then answer the above question regarding usage data, but also provide a written explanation on how these customers are billed that are not billed based on water usage.
- c. If no, and **none** of your customers are based on water usage, then provide a written explanation on how these customers are billed.

21. Do you have any customers on wells?

Yes or No (Circle your answer)

- a. If yes, how are these customers billed?

Answer:

- b. If no, please move on to the following question.

22. Do you have any wastewater customers you classify as wholesale?

Yes or No (Circle your answer)

- a. If yes, please provide the contract(s) with these customer(s) or a detailed explanation as to why a contract does not exist and the rate at which wastewater is treated for this customer?
- b. If no, please move on to the following question.

23. Do you treat your own wastewater?

Yes or No (Circle your answer)

- a. If yes, please provide the following:
 - i. Cost to treat per thousand gallons.
 - ii. The design capacity of your treatment facility and the percentage of the design capacity currently being used.
 - iii. The average operating capacity of your treatment facility.
- b. If no, please provide the following:
 - i. List of entities wastewater is treated by
 - ii. Rates at which wastewater is treated by entity
 - iii. Wastewater treatment contract with these entities, if no contract exists please give an explanation as to why there is no contract.

24. Do you have a plan to improve your infiltration and inflow (I&I)?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation as to how this will be improved along with your current I&I data.
- b. If no, please provide a detailed justification as to why the current I&I does not need to be improved along with your current I&I data.

25. Are there any environmental concerns currently or forthcoming that will put a financial burden on the system?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation as to what the concern or issue is and the extent of the financial burden that will be incurred.
- b. If no, please move on to the next question.

26. In regard to your governing body, how frequently do you meet and what is your practice of providing notice of your meetings?

Answer:

27. Do you have a sewer use ordinance?

Yes or No (Circle your answer)

- a. If yes, please provide a copy and description of how this is enforced.
- b. If no, please provide a justification for the lack thereof.

Wastewater Attachment List

The previous questions asked for several written explanations and attachments. Below you will find a list of the necessary attachments for questions depending on the answers provided. Please attach the following documents in the order listed with the Wastewater Attachment Number at the top of the corresponding document. You may find that due to some of your answers you may not need to provide an attachment as listed; that is acceptable. If the document is already included with your answers from the Water Section of this questionnaire, then it is not necessary to include the same document twice. **Please do not send in any stapled documents.**

Wastewater Attachment Number, Question Number Asking for Document	Requested Document
Attachment Number: 1 Question Number: Section C, Question #2	Current Rate Ordinance/Structure and Justification
Attachment Number: 2 Question Number: Section C, Question #2	Previous Rate Structure/Ordinance
Attachment Number: 3 Question Number: Section C, Question #3	Rate Change Information from Section C, Question #3
Attachment Number: 4 Question Number: Section C, Question #4	Current Utility Fee Schedule
Attachment Number: 5 Question Number: Section C, Question #4	Previous Utility Fee Schedules
Attachment Number: 6 Question Number: Section C, Question #4	Written Rationale for Utility Fee Justification
Attachment Number: 7 Question Number: Section C, Question #5	Debt Management Policy; or Justification for lack thereof
Attachment Number: 8 Question Number: Section C, Question #6	Capitalization Policy; or Justification for lack thereof
Attachment Number: 9 Question Number: Section C, Question #7	Financial Statements
Attachment Number: 10 Question Number: Section C, Question #8	Financial Distress Remedy Plan; or Justification for lack thereof
Attachment Number: 11 Question Number: Section C, Question #9	Board Training Information
Attachment Number: 12 Question Number: Section C, Question #10	Customer Count Breakdown

Attachment Number: 13 Question Number: Section C, Question #13	Adjustment Policy
Attachment Number: 14 Question Number: Section C, Question #14	Debt Response
Attachment Number: 15 Question Number: Section C, Question #15	Grants/Contributions Response
Attachment Number: 16 Question Number: Section C, Question #16	Future Grants Response
Attachment Number: 17 Question Number: Section C, Question #17	Customer Rate Awareness Response
Attachment Number: 18 Question Number: Section C, Question #18	Capital Asset List Review Response
Attachment Number: 19 Question Number: Section C, Question #20	Wastewater Billing and Usage
Attachment Number: 20 Question Number: Section C, Question #22	Wholesale Customer Information
Attachment Number: 21 Question Number: Section C, Question #23	Wastewater Treatment Information
Attachment Number: 22 Question Number: Section C, Question #24	Inflow and Infiltration Response
Attachment Number: 23 Question Number: Section C, Question #25	Environmental Concerns Response
Attachment Number: 24 Question Number: Section C, Question #27	Sewer Use Ordinance; or Justification for Lack thereof

Responses to WWFB Questionnaire

Section A: Water Utility Information

1. Yes
2. Yes
 - A. Attached
 - B. Attached
 - C. The different rate structures are in accordance to recommendation from the WWFB and in line with other Unities.
3. Yes
 - A. Increase and there will be an annual increase in the future. The increase will be for all classes of customers. The board has voted and passed the increase. The board has two reading and a public hearing on the vote. The most current rate increase went into effect in July of 2020.
4. Yes
 - A. Fee schedule is included in the ordinance with the rates.
 - B. Previous fee schedules are also included in the ordinance with the rates.
 - C. Our fees and rates are in accordance with the rates and fees of other municipalities and utility districts that have to buy water from other utility districts. Per suggestions from the WWFB we charge a higher fee for renters due to the fact many times they will leave the area and not pay their final bill. They are a higher risk for loss of revenues, therefore they are charged more.
5. Yes
 - A. Attached and the Utility has no debt
6. No
 - A. The Utility does not have a capitalization policy because we did not know we are required to have one. I will put that at a top priority to complete and get approved by the board of alderman.
7. Attached
8. Yes
 - A. We have raised the rated and that will be in effect July of 2020 that will resolve the issue.
9. Board of Mayor & Alderman
 - A. No
 - B. See Attached
10. Approx. 692 Customers Breakdown is attached
11. Spreadsheet is attached
12. Spreadsheet is attached
13. Yes
 - A. The utility offer leak protection insurance for water leaks. We don't adjust water due to the fact we have to buy the water
 - B. Attached
14. No debt period.
15. Yes

- A. We are in the process of an ARC Grant for a pump station at the Clayton's Mobile Homes. Clayton's has agreed to pay the match on this grant so the utility will not have costs associated with it.
- 16. No
- 17. Yes
 - A. We place a public notice in the local paper stating there will be a vote to raise the utility rates when they are increased.
- 18. No The Auditor has this but we will start reviewing it at least annually.
- 19. No Auditor has it but we will get a copy to keep on file at the office.
- 20. No
- 21. Yes
 - A. Purchased from Bean Station Utility District. Contract is attached.
- 22. No
- 23. Yes
 - A. We are replacing older waterlines and monitoring for leaks on a daily basis. We also fix known leaks in a timely manner to reduce water loss.
- 24. No
- 25. Meeting are monthly on the 2nd Thursday of the month. A notice is placed in the local newspaper.

Section B: Wastewater Utility Information

1. Yes
2. Yes Attached to section A
3. Yes See Section A
4. Yes See Section A
5. Yes See Section A
6. No See Section A
7. Attached to section A
8. Yes See Section A
9. Attached to Section A
10. Approx. 311 Breakdown is attached to section A
11. See Attached
12. See Attached
13. Yes
 - A. Approx. 7 leaks for the amount of \$1,629.13
 - B. See Attached
14. No debt
15. See Section A for ARC Grant
16. No
17. Yes
 - A. An ad is placed in the local paper stating there will be a public hearing concerning the new rates.
18. No The auditor has this but we will start reviewing at least annually
19. No The auditor has this but the utility will get a copy to keep on file.
20. Yes
 - A. The usage data is provided by the Local Government Corporation software that provides the water usage data we use to bill the customers. The utility purchases water from Bean Station Utility District only.
21. No
22. No
23. Yes
 - A. \$4.00-\$5.00 per thousand gallons
 - B. 200,000 per day and at 60%
24. No
 - A. The I&I does not need to be improved at this time as the plan in place is working well. Also the cost associated with improving is not feasible at this time.
25. No
26. See section A
27. Yes Attached to section A



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Entity Referred: **City of Smithville**
Referral Reason: **Negative Change in Net Position**
Utility Type Referred: **Water and Sewer**

Staff Summary:

The City was referred to the Board for financial distress on January 6, 2020. The City's returned financial questionnaire is attached.

The City charges rates approximately 50% higher for water customers residing outside of the city limits. Board staff is unable to determine whether this difference in rates is justifiable.

Staff Recommendation

1. The City 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 justification for the differing rates between customers inside the city limits and those outside the city limits, or if no justification is possible, recommendations for an appropriate rate structure; and
 - c. creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs; and
 - d. a review of the leak adjustment policy, including any recommended modifications.
2. By December 31, 2020, the City shall send Board staff a copy of the contract between the City and the qualified expert who is to perform the tasks in paragraph 1.
3. By April 1, 2021, the City 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 City.

Section A: Contact Information

Please provide contact information for the utility by responding to the fields below.

Utility Address Information	
Utility Contact Address Line 1:	104 East Main St
Utility Contact Address Line 2:	
Utility Contact Address City:	Smithville
Utility Contact Address State:	TN
Utility Contact Address Zip Code:	37166
Contact Person 1 Information	
Contact Person 1 Title:	City Administrator
Contact Person 1 Name:	Hunter Hendrixson
Contact Person 1 Email Address:	hunterh75@yahoo.com
Contact Person 1 Phone Number:	615-597-4745
Contact Person 2 Information	
Contact Person 2 Title:	CMFO
Contact Person 2 Name:	Janice Plemmons-Jackson
Contact Person 2 Email Address:	janice@pjccpas.com
Contact Person 2 Phone Number:	931-707-0210

Section B: Wastewater Utility Information

1. Does your utility offer wastewater?

Yes

2. Have you had any rate changes in the previous five years?

Yes

- a. Please provide a copy of your current rate ordinance/structure and the justification for why the rates are set this way- including any recent rate studies performed for the utility.

The last water rate increase was implemented July 1, 2017. (See attached rate ordinance). The justification for the rate increase was due to the Dekalb Utility District building their own water treatment plant and discontinuing to be a major water customer.

- b. Please provide a copy of previous rate ordinances/structures from the previous five years if you answered yes to Question #2.

See attached previous rate ordinance

- c. If you have differing rate classes (inside/outside city limits, residential/commercial/industrial, new developments, etc.), please provide justification as to why these rates are set the way they are.

Outside rates are set higher to account for expenses directly related to providing service to outside customers.

3. Do you have any current plans for a rate change?

Not currently! Our June 30, 2020 financials reported a profit for the year and July 2020 continues to show profits.

- a. If yes, please provide a written answer to the following questions:

- i. Are you planning for a rate increase or decrease?

We hope to continue profitable operations and evaluate an increase by a rate study, when needed.

- ii. Are you planning this change across all customer classes or only on a certain customer class?

All classes, when deemed necessary

- iii. Has your Board voted on this rate change yet?

No

iv. If your Board has discussed a rate change at recent meetings, please attach a copy of the relevant minutes at which this meeting took place.

This has not been discussed or planned to date.

4. Have you had any utility fee changes in the previous five years? *Attached; increase in 2017*

- a. Please provide a copy of your current utility fee schedule.
- b. Please provide a copy of previous utility fee schedules if you answered yes to Question #3.
- c. Please provide a written rationale for the charges for tap fees, reconnect fees, etc.

5. Has your debt management policy been reviewed in the last 5 years?

- a. Please provide a copy of your debt management policy. If you do not have a debt management policy, please provide a written rationale for why a debt management policy has not been adopted.

See attached debt management policy

6. Has your capitalization policy been reviewed in the last 5 years?

- a. Please provide a copy of your capitalization policy. If you do not have a capitalization policy, please provide a written rationale for why a capitalization policy has not been adopted.

See attached capitalization policy

7. Please provide the most recent 3 months of balance sheets and income statements for your water fund.

- a. If you are a water and wastewater utility and are having difficulty breaking out the accounts, please use percentages or estimate for accounts for the most accurate depiction of the financial status of the utility.

See the attached income statements

8. Do you have a plan to remedy your financially distressed position for your wastewater fund?

Same as water questionnaire

- a. If yes, please provide a detailed copy.

Same as water questionnaire

- b. If no, please provide a justification for why not.

9. Who has the authority to set rates and fees?

The Board of Mayor and Aldermen.

- a. Is this a board or committee separate from your local legislative body? (City Council, Board of Mayor and Alderman, etc.)

It is the Board of Mayor and Aldermen

- b. Please provide a list containing the following information for the aforementioned individuals:

- i. Name *Josh Miller*
- ii. Title *Mayor*
- iii. Mailing Address *104 East Main Street*
Smithville, Tennessee 37166
- iv. Phone Number *615-597-745*
- v. Date of Initial Election or Appointment *9/1/2017*
- vi. Have they fulfilled their initial 12-hour training requirement within the first year of service, if applicable? Yes or No
No, there has not been training completed during the first year.
- vii. If so, please provide proof that the training requirement has been satisfied.

10. How many total customers do you currently have? Answer: *See attached*

- a. Please provide a numerical break-down of the totals for each type of customer:
- i. Billed
- ii. Unbilled
- iii. Metered
- iv. Unmetered
- v. Breakdown by Rate Class (inside, outside, inside residential, inside commercial, outside residential, outside commercial, etc.)

11. What percentage of your sales do your largest 10 customers account for annually? (Largest 10 Customer Revenues Total / Total Annual wastewater revenue)

Answer:

12. What percentage of your volume do your largest 10 customers account for annually? (Wastewater Revenue for Largest 10 Customers / Total Wastewater Revenue)

Answer:

13. Do you adjust wastewater bills for customers with water leaks?

Yes or No (Circle your answer)

- a. If yes, how many leak adjustments were performed based on your leak adjustment policy in the last 12 months? What is the cost associated with these leaks?

Answer:

- b. If yes, please attach a copy of your leak adjustment policy.
- c. If no, please move on to the next question.

14. Have you incurred any new debt during the current fiscal year for your wastewater utility, or do you plan on incurring any debt during the current fiscal year for your water utility?

No

15. Have you received any grants or capital contributions during the current fiscal year for your wastewater utility, or do you plan on receiving any grants or capital contributions during the current fiscal year for your wastewater utility?

No

16. Have you applied for any grants that will be received over the next two years?

Yes

- a. If yes, please provide a detailed explanation regarding these potential grants.

Smithville has applied for a \$500,000 Community Development Block Grant.

17. Are your customers made aware of the rates and fees you have in place annually? Yes or No (Circle your answer)

- a. If yes, how is this accomplished? *Same as water answer*
- b. If no, please provide a written justification as to why not.

18. Do you review your capital asset list? (*Depreciation Schedule*)

Yes

- a. If yes, how often is this list reviewed and by whom?

The depreciation schedule is review and updated annually by the city's Certified Municipal Finance Officer

- b. Please provide a copy of your capital asset plan, or a justification as to why you do not have one.

The City's capital asset plan (Five Year Capital Improvement Plan) is attached

19. Do you keep a copy of your capital asset list on file?

Yes

20. Excluding any customers on wells, are all of your customers billed based on water usage?

Yes

- a. If yes, who supplies the usage data, and are there multiple water suppliers for your customers?

The City of Smithville Water Department supplies the usage data. There are no other water suppliers.

21. Do you have any customers on wells? *No*

- a. If yes, how are these customers billed?

22. Do you have any wastewater customers you classify as wholesale?

No

23. Do you treat your own wastewater?

Yes

- a. If yes, please provide the following:
 - i. Cost to treat per 1,000 gallons.

Sewer treatment cost - \$3.82 per 1,000 gallons

- ii. The design capacity of your treatment facility and the percentage of the design capacity currently being used.

The design capacity is 2.16 million gallons per day and the percentage of the design capacity being used is about 45%.

- iii. The average operating capacity of your treatment facility

The average operating capacity of the treatment facility is about 0.9 million gallons per day

24. Do you have a plan to improve your infiltration and inflow (I&I)?

No

25. In regard to your governing body, how frequently do you meet and what is your practice of providing notice of your meetings?

27. Do you have a sewer use ordinance?

Yes

a. If yes, please provide a copy and description of how this is enforced.

Section B: Water Utility Information

1. Does your utility offer water?

Yes

2. Have you had any rate changes in the previous five years?

Yes

- a. Please provide a copy of your current rate ordinance/structure and the justification for why the rates are set this way- including any recent rate studies performed for the utility.

The last water rate increase was implemented July 1, 2017. (See attached rate ordinance). The justification for the rate increase was due to the Dekalb Utility District building their own water treatment plant and discontinuing to be a major water customer accounting for approximately 40% of our water sales.

- b. Please provide a copy of previous rate ordinances/structures from the previous five years if you answered yes to Question #2.

See attached previous rate ordinance

- c. If you have differing rate classes (inside/outside city limits, residential/commercial/industrial, new developments, etc.), please provide justification as to why these rates are set the way they are.

Outside rates are set higher to account for expenses directly related to providing service to outside customers.

3. Do you have any current plans for a rate change?

We would request that a rate change be delayed, as our most recent fiscal year end on June 30, 2020 showed a profit of \$60,779.12

Also, we suffered a one-time major expense of \$55,534 due to a sewer backup in a customer's home. A settlement was reached with the customer to cover some of his damages; the city has obtained additional insurance coverage to assist with any future problems, if they occur.

- a. If yes, please provide a written answer to the following questions:

- i. Are you planning for a rate increase or decrease?

Based on the fye June 30, 2020 and a profitable July 2021, we believe our rates are sufficient to operate at a profit for the current time. We are monitoring the operations and watching our costs closely.

- ii. Are you planning this change across all customer classes or only on a certain customer class?

We would obtain a rate study when deemed necessary, and rely on recommendations from that study; typically, rate increases are applied to all customers.

- iii. Has your Board voted on this rate change yet?

No

- iv. If your Board has discussed a rate change at recent meetings, please attach a copy of the relevant minutes at which this meeting took place.

This will occur at the completion of a future rate study, when deemed necessary.

- 4. Have you had any utility fee changes in the previous five years? **Yes, noted above in 2017**

- a. Please provide a copy of your current utility fee schedule.
- b. Please provide a copy of previous utility fee schedules if you answered yes to Question #3.
- c. Please provide a written rationale for the charges for tap fees, reconnect fees, etc.

- 5. Has your debt management policy been reviewed in the last 5 years?

- a. Please provide a copy of your debt management policy. If you do not have a debt management policy, please provide a written rationale for why a debt management policy has not been adopted.

See attached debt management policy

- 6. Has your capitalization policy been reviewed in the last 5 years?

- a. Please provide a copy of your capitalization policy. If you do not have a capitalization policy, please provide a written rationale for why a capitalization policy has not been adopted.

See attached capitalization policy

- 7. Please provide the most recent 3 months of balance sheets and income statements for your water fund.

- a. If you are a water and wastewater utility and are having difficulty breaking out the accounts, please use percentages or estimate for accounts for the most accurate depiction of the financial status of the utility.

Fiscal year end June 30, 2020 financials attached, along with July 31, 2020

- 8. Do you have a plan to remedy your financially distressed position for your water fund?

We believe that the time given for our rate changes from 2017 to be fully implemented, along with our monitoring of expenses has helped us to work through the loss of our major customer, DeKalk Utility District. Their leaving our service cost us a 40% reduction in revenues; we believe that our diligence in raising our rates in 2017 and our fiscal policies have helped us to achieve a much better place than was expected since that time.

- a. If yes, please provide a detailed copy.

We will have a rate study done to determine a plan forward to address issues, when necessary.

- b. If no, please provide a justification for why not. **Our most recent fye showed a profit of approximately \$60k, as noted above. July 2020 was profitable.**

9. Who has the authority to set rates and fees?

The Board of Mayor and Aldermen.

- a. Is this a board or committee separate from your local legislative body? (City Council, Board of Mayor and Alderman, etc.)

It is the Board of Mayor and Aldermen

- b. Please provide a list containing the following information for the aforementioned individuals:

- i. Name *Josh Miller*
- ii. Title *Mayor*
- iii. Mailing Address *104 East Main Street
Smithville, Tennessee 37166*
- iv. Phone Number *615-597-745*
- v. Date of Initial Election or Appointment **9/1/2017**
- vi. Have they fulfilled their initial 12-hour training requirement within the first year of service, if applicable? Yes or No

No

- vii. If so, please provide proof that the training requirement has been satisfied.

10. How many total customers do you currently have? Answer: **See attached**

- a. Please provide a numerical break-down of the totals for each type of customer:
 - i. Billed
 - ii. Unbilled

- iii. Metered
- iv. Unmetered
- v. Breakdown by Rate Class (inside, outside, inside residential, inside commercial, outside residential, outside commercial, etc.)

11. What percentage of your sales do your largest 10 customers account for annually? (Largest 10 Customer Sales Total / Total Annual Water Sales)

Answer: $\$476,932/2,292,180= 21\%$

12. What percentage of your volume do you largest 10 customers account for annually? (Gallons of Water sold to Largest 10 Customers / Total Gallons of Water Sold)

Answer:

13. Do you have a leak adjustment policy?

Yes or No (Circle your answer)

- a. If yes, how many leak adjustments were performed based on your leak adjustment policy in the last 12 months? What is the cost associated with these leaks?

Answer:

- b. If yes, please attach a copy of your leak adjustment policy.
- c. If no, please move on to the next question.

14. Have you incurred any new debt during the current fiscal year for your water utility, or do you plan on incurring any debt during the current fiscal year for your water utility?

No

15. Have you received any grants or capital contributions during the current fiscal year for your water utility, or do you plan on receiving any grants or capital contributions during the current fiscal year for your water utility?

No

16. Have you applied for any grants that will be received over the next two years

No

17. Are your customers made aware of the rates and fees you have in place annually? Yes or No (Circle your answer)

- a. If yes, how is this accomplished? **Yes, radio covers meetings, votes,etc & always covered in local newspaper articles at budget/rate increase times.**

b. If no, please provide a written justification as to why not.

18. Do you review your capital asset list? (*depreciation schedule*)

Yes

a. If yes, how often is this list reviewed and by whom?

The depreciation schedule is review and updated annually by the city's Certified Municipal Finance Officer

b. Please provide a copy of your capital asset plan, or a justification as to why you do not have one.

The City's capital asset plan (Five Year Capital Improvement Plan) is attached

19. Do you keep a copy of your capital asset list on file?

Yes

20. Do you produce your own water supply?

Yes

a. If yes, what is the cost per thousand gallons to produce?

The cost is: \$0.725 per 1,000 gallons

21. Do you purchase your water supply?

No

22. Do you have any wholesale customers?

No

23. Do you have a plan to improve your non-revenue water percentage?

No specific plan other than normal maintenance efforts.

24. Are there any environmental concerns currently or forthcoming that will put a financial burden on the system?

No

25. In regard to your governing body, how frequently do you meet and what is your practice of providing notice of your meetings?

Regular meetings are the first Monday night of each month, unless conflicting with a holiday; special called meetings are held as needed. All meetings are advertised and posted as required by law.

City Of Smithville Vendor History Report

Order By _____ Vendor Number _____
 Vendor Number Range 0111 To 0111
 Vendor Name Range Not Applicable
 Vendor Type Regular
 Transaction Date Range 07/01/2015 To 08/25/2020
 Include Miscellaneous Vendors
 Include Checks
 Include Vouchers Print Voucher Expense Detail
 Print Vendor Totals Only

Check Type	Check Number	Check Date	Checking Account	Check Amount	Void
Vendor	0111	American Tank Maintenance, LLC	P.O. Box 130	Warthen, GA 31094	
Regular	45383	07/10/2015	003-01121-1000	\$36,596.25	<input type="checkbox"/>
Regular	45673	10/30/2015	003-01121-1000	\$36,596.25	<input type="checkbox"/>
Regular	45771	12/11/2015	003-01121-1000	\$20,892.00	<input type="checkbox"/>
Regular	45856	01/15/2016	003-01121-1000	\$36,596.25	<input type="checkbox"/>
Regular	46104	04/22/2016	003-01121-1000	\$36,596.25	<input type="checkbox"/>
Regular	46351	07/22/2016	003-01121-1000	\$36,596.25	<input type="checkbox"/>
Regular	46565	10/21/2016	003-01121-1000	\$36,596.25	<input type="checkbox"/>
Regular	46793	01/13/2017	003-01121-1000	\$36,596.25	<input type="checkbox"/>
Regular	47055	04/21/2017	003-01121-1000	\$36,596.25	<input type="checkbox"/>
Regular	47462	10/06/2017	003-01121-1000	\$36,596.25	<input type="checkbox"/>
Regular	47638	12/15/2017	003-01121-1000	\$36,596.25	<input type="checkbox"/>
Regular	47725	01/19/2018	003-01121-1000	\$36,596.25	<input type="checkbox"/>
Regular	47910	04/13/2018	003-01121-1000	\$36,596.25	<input type="checkbox"/>
Regular	48129	07/13/2018	003-01121-1000	\$36,596.25	<input type="checkbox"/>
Regular	48352	10/12/2018	003-01121-1000	\$36,596.25	<input type="checkbox"/>
Regular	48570	01/18/2019	003-01121-1000	\$36,596.25	<input type="checkbox"/>
Regular	48799	04/19/2019	003-01121-1000	\$36,596.25	<input type="checkbox"/>
Regular	48973	07/12/2019	003-01121-1000	\$16,528.25	<input type="checkbox"/>
Regular	49234	10/11/2019	003-01121-1000	\$16,528.25	<input type="checkbox"/>
Regular	49467	01/10/2020	003-01121-1000	\$16,528.25	<input type="checkbox"/>
Regular	49674	04/10/2020	003-01121-1000	\$16,528.25	<input type="checkbox"/>
Regular	49869	07/10/2020	003-01121-1000	\$14,008.00	<input type="checkbox"/>
Check Totals For Vendor		0111 American Tank Maintenance, LLC	22 Checks	\$686,553.00	

fye 6/30/16
146,385
fye 6/30/17
146,385
fye 6/30/18
146,385
fye 6/30/19
146,385
fye 6/30/20
66,113
fyeal = 56,032
fye 6/30/21

dismantle Kendra Rd

Miller Rd tank

Contract - high school tank

yr 1-4 72,819
yr 5-7 22,562
yr 8+7 23,464

Miller Rd tank

yr 1-5 26,816
yr 6-7 16,735
yr 8+7 17,404

Airport tank

yr 1-4 46,750
yr 5-7 16,735
yr 8 > 17,404

Total

yr 1-4 146,385
yr 5 66,113
yr 6-7 56,032
yr 8 > 58,272

*up to 4%
 annual
 increase*



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Entity Referred: **City of Sunbright**
Referral Reason: **Negative Change in Net Position**
Utility Type Referred: **Sewer**

Staff Summary:

The Town was referred to the Board for financial distress on May 15, 2017. On September 30, 2019, the Board ordered the City to comply with the order found in the accompanying pages.

The City has since complied with all directives of the Board order.

Staff Recommendation

Order the City to comply with the following:

1. The City shall send financial updates to Board staff by March 1st and September 1st of each year, beginning March 1, 2021, until the Board releases the Town from its oversight.



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Entity Referred: **Town of Trezevant**
Referral Reason: **Negative Change in Net Position**
Utility Type Referred: **Water and Sewer**

Staff Summary:

The Town was referred to the Board for financial distress on March 12, 2020. The Town's returned financial questionnaire can be found in the accompanying pages.

The Town passed a rate increase on September 8, 2020, but Staff is unable to determine whether the increase is sufficient to address the Town's financial needs.

Staff Recommendation

1. The Town 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. a review of the capital asset list, including any recommended modifications;
 - d. a review of all utility fees, including any recommended modifications;
 - e. creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs; and
 - f. a review of the leak adjustment policy, including any recommended modifications.
2. By December 31, 2020, the Town shall send Board staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
3. By December 31, 2020, the Town shall send Board staff proof that all members of the utility system's governing body have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
4. By April 1, 2021, the Town 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 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 City.

Section A: Contact Information

Please provide contact information for the utility by responding to the fields below.

Utility Address Information	
Utility Contact Address Line 1:	5560 North Broad Street
Utility Contact Address Line 2:	
Utility Contact Address City:	Trezevant
Utility Contact Address State:	Tennessee
Utility Contact Address Zip Code:	38258
Contact Person 1 Information	
Contact Person 1 Title:	Water & Sewer Superintendant
Contact Person 1 Name:	Joe Waldrup
Contact Person 1 Email Address:	watersewer@townoftrezevant.org
Contact Person 1 Phone Number:	731-669-4831
Contact Person 2 Information	
Contact Person 2 Title:	Water & Sewer Employee
Contact Person 2 Name:	Erik Grimes
Contact Person 2 Email Address:	watersewer@townoftrezevant.org
Contact Person 2 Phone Number	731-415-1489

Section B: Water Utility Information

1. Does your utility offer water? **Yes**
 - a. If yes, please complete the following section. If no, please proceed to Section C: Wastewater Utility Information.
2. Have you had any rate changes in the previous five years?
Yes or No (Circle your answer)
 - a. Please provide a copy of your current rate ordinance/structure and the justification for why the rates are set this way- including any recent rate studies performed for the utility.
 - b. Please provide a copy of previous rate ordinances/structures from the previous five years if you answered yes to Question #2.
 - c. If you have differing rate classes (inside/outside city limits, residential/commercial/industrial, new developments, etc.), please provide justification as to why these rates are set the way they are. **Rates are same for all rate classes**
3. Do you have any current plans for a rate change?
Yes or No (Circle your answer)
 - a. If yes, please provide a written answer to the following questions:
 - i. Are you planning for a rate increase or decrease? **Our board passed an increase on 9-8-2020.**
 - ii. Are you planning this change across all customer classes or only on a certain customer class? **Yes**
 - iii. Has your Board voted on this rate change yet? **Yes**
 - iv. If your Board has discussed a rate change at recent meetings, please attach a copy of the relevant minutes at which this meeting took place.
4. Have you had any utility fee changes in the previous five years?
Yes or No (Circle your answer)
 - a. **Please provide a copy of your current utility fee schedule.**
 - b. Please provide a copy of previous utility fee schedules if you answered yes to Question #3. **N/A**
 - c. Please provide a written rationale for the charges for tap fees, reconnect fees, etc.
5. Has your debt management policy been reviewed in the last 5 years?
Yes or No (Circle your answer)
 - a. **Please provide a copy of your debt management policy. If you do not have a debt management policy, please provide a written rationale for why a debt management policy has not been adopted.**
6. Has your capitalization policy been reviewed in the last 5 years?
Yes or No (Circle your answer)
 - a. **Please provide a copy of your capitalization policy. If you do not have a capitalization policy, please provide a written rationale for why a capitalization policy has not been adopted.**

7. Please provide the most recent 3 months of balance sheets and income statements for your water fund. ✓
- a. If you are a water and wastewater utility and are having difficulty breaking out the accounts, please use percentages or estimate for accounts for the most accurate depiction of the financial status of the utility.
8. Do you have a plan to remedy your financially distressed position for your water fund?
 Yes or No (Circle your answer)
- a. If yes, please provide a detailed copy.
- b. If no, please provide a justification for why not.
9. Who has the authority to set rates and fees?

Answer: **The board of mayor and alderman.**

-
- a. Is this a board or committee separate from your local legislative body? (City Council, Board of Mayor and Alderman, etc.)
 Yes or **No** (Circle your answer)
- b. Please provide a list containing the following information for the aforementioned individuals: ✓
- i. Name
 - ii. Title
 - iii. Mailing Address
 - iv. Phone Number
 - v. Date of Initial Election or Appointment
 - vi. Have they fulfilled their initial 12 hour training requirement within the first year of service, if applicable? Yes or No
 - vii. If so, please provide proof that the training requirement has been satisfied.

10. How many total customers do you currently have?

Answer: **380**

-
- a. Please provide a numerical break-down of the totals for each type of customer:
- i. Billed **380**
 - ii. Unbilled **0**
 - iii. Metered **380**
 - iv. Unmetered **0**
 - v. Breakdown by Rate Class (inside, outside, inside residential, inside commercial, outside residential, outside commercial, etc.)

11. What percentage of your sales do your largest 10 customers account for annually?
 (Largest 10 Customer Sales Total / Total Annual Water Sales)

Answer: **8 percent**

-
12. What percentage of your volume do your largest 10 customers account for annually?
 (Gallons of Water sold to Largest 10 Customers / Total Gallons of Water Sold)

Answer: **15 percent**

-
13. Do you have a leak adjustment policy?

Yes or No (Circle your answer)

- a. If yes, how many leak adjustments were performed based on your leak adjustment policy in the last 12 months? What is the cost associated with these leaks?

Answer: 19 \$1,234.54

- b. If yes, please attach a copy of your leak adjustment policy.
c. If no, please move on to the next question.

14. Have you incurred any new debt during the current fiscal year for your water utility, or do you plan on incurring any debt during the current fiscal year for your water utility?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding the debt.
b. If no, please move on to the next question.

15. Have you received any grants or capital contributions during the current fiscal year for your water utility, or do you plan on receiving any grants or capital contributions during the current fiscal year for your water utility?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding these grants or capital contributions.
b. If no, please move on to the following question.

16. Have you applied for any grants that will be received over the next two years?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding these potential grants.
b. If no, please move on to the following question.

17. Are your customers made aware of the rates and fees you have in place annually?

Yes or No (Circle your answer)

- a. If yes, how is this accomplished? Customers are made aware during the application process.
b. If no, please provide a written justification as to why not.

18. Do you review your capital asset list?

Yes or No (Circle your answer)

- a. If yes, how often is this list reviewed and by whom? Yearly audit cycle.
b. If no, please provide a written justification as to why not.
c. Please provide a copy of your capital asset plan, or a justification as to why you do not have one.

19. Do you keep a copy of your capital asset list on file?

Yes or No (Circle your answer)

20. Do you produce your own water supply?

Yes or No (Circle your answer)

- a. If yes, what is the cost per thousand gallons to produce?

Answer: \$1.79

- b. If no, please move on to the next question.

21. Do you purchase your water supply? No

- a. If yes, please provide the following:
 - i. List of entities water is purchased from
 - ii. Rates at which water is purchased at
 - iii. Water purchase contract with these entities, if no contract exists please give an explanation as to why there is no contract.
 - b. If no, please move on to the following question.
22. Do you have any wholesale customers?
 Yes or No (Circle your answer)
- a. If yes, please provide the contract(s) with these customer(s) or a detailed explanation as to why a contract does not exist and the rate at which water is sold to this customer.
 - b. If no, please move on to the following question.
23. Do you have a plan to improve your non-revenue water percentage?
 Yes or No (Circle your answer)
- a. If yes, please provide a detailed explanation as to how this will be improved along with your current non-revenue water percentages by cost and by volume.
 - b. If no, please provide a detailed justification as to why the current non-revenue water percentage does not need to be improved along with your current non-revenue water percentages by cost and by volume.
24. Are there any environmental concerns currently or forthcoming that will put a financial burden on the system?
 Yes or No (Circle your answer)
- a. If yes, please provide a detailed explanation as to what the concern or issue is and the extent of the financial burden that will be incurred.
 - b. If no, please move on to the next question.
25. In regard to your governing body, how frequently do you meet and what is your practice of providing notice of your meetings?

Answer: The board of mayor and aldermen meet the second Tuesday of every month. We do not provide notice of meetings

Ordinance No. 090820

2A

AN ORDINANCE TO INCREASE WATER AND SEWER RATES FOR CUSTOMERS SERVED BY THE TOWN OF TREZEVANT

WHEREAS, Title 18, Chapter 1, of the Town Charter authorizes the Town Council to set utility rates for water and sewer services; and

WHEREAS, current revenues are not meeting current expenditures; and

THEREFORE, Be It Ordained by the Town Board of Mayor and Alderman of Town of Trezevant, Tennessee as follows:

Section 1. The water usage rates shall be as follows:

Effective September 9, 2020
0-1000 gallons \$21.66
1001 & over \$2.85 per 1000 gallons

Section 2. The sewer charges will be 110% of water charges.

Section 3. The utility clerk is authorized to revise the next monthly utility bills to reflect the rate increase as herein outlined.

Section 4. This ordinance shall become effective upon its final passage, the public welfare requiring it.

1st Reading Sept. 1, 2020

2nd Reading Sept. 8, 2020

Bobby J. Bleylock
Mayor

Kathy Edwards
Recorder

Ordinance No. 062719B

AN ORDINANCE TO INCREASE WATER AND SEWER RATES FOR CUSTOMERS SERVED BY THE TOWN OF TREZEVANT

WHEREAS, Title 18, Chapter 1, of the Town Charter authorizes the Town Council to set utility rates for water and sewer services; and

WHEREAS, current revenues are not meeting current expenditures, and

Therefore, Be It Ordained by the Town Board of Mayor and Alderman of Town of Trezevant, Tennessee as follows:

Section 1. The water usage rates shall be as follows:

0-1000 gallons \$21.16 20.66
1001 & over \$2.35 per 1000 gallons.

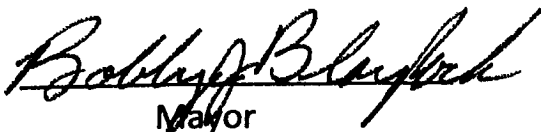
Section 2. The sewer charge will be 110% of water charges.

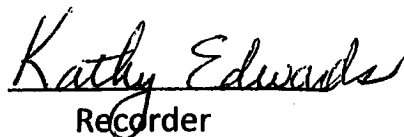
Section 3. The utility clerk is authorized to revise the next monthly utility bills to reflect the rate increase as herein outlined.

Section 4. This ordinance shall become effective upon its final passage, the public welfare requiring it.

1st Reading 6-11-19

2nd Reading 6-27-19


Mayor


Recorder

TOWN OF TREZEVANT
SPECIAL CALLED MEETING
Sept. 1, 2020

The Official Board held a "Special Called Board Meeting" on Sept. 1, 2020. The purpose for the "Special Called Board Meeting" was the 1st reading of an ordinance to raise water rates, 2nd reading of a fireworks ordinance and the 1st reading of the budget amendment ordinance.

Members in attendance were Christy Creyssels, Pam Joyner, Mark Argo, Leon Lyell and Eddie Granger.

Mayor Blaylock called the meeting to order at 6:03 p.m.

Mayor Blaylock opened the meeting with prayer.

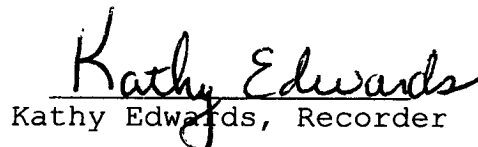
Mayor Blaylock presented an ordinance to raise water rates by 50 cents for the next 3 years. Alderman Argo stated he didn't understand why we needed to raise rates. CMFO Jeff Goad re-iterated that we had talked about this last month, the Water/Wastewater Finance Board is looking at our financial records to see if they need to step in and raise our rates due to operating in the red the past 2 years, he stated he thought it would look better if we had a 3 year plan in place. After much discussion between the aldermen, Alderman Granger made the motion to only raise the rates 50 cents for 1 year and then re-visit the issue. Leon Lyell seconded the motion. After a roll call vote with Christy Creyssels and Pam Joyner voting no, the motion passed.

The 2nd reading of the fireworks ordinance was next, Eddie Granger made a motion to pass the ordinance seconded by Christy Creyssels. After a roll call vote the motion passed unanimously.

The 1st reading of the budget amendment ordinance followed, CMFO Goad stated there was a change in the fire dept. budget due to purchasing new turn out gear for 3 firemen and adding the new bay on the fire station on W. Main St. After some discussion Christy Creyssels made a motion to pass the 1st reading seconded by Pam Joyner. After a roll call vote the motion passed unanimously.

Eddie Granger made a motion to adjourn, seconded by Christy Creyssels, the meeting adjourned at 6:34 p.m.


Bobby Blaylock, Mayor


Kathy Edwards, Recorder

3.4

**TOWN OF TREZEVANT
REGULAR BOARD MEETING
Sept. 8, 2020**

The Official Board held their Regular Board Meeting on Sept. 8, 2020.

Mayor Bobby Blaylock called the meeting to order at 6:30 p.m.

Mayor Blaylock opened the meeting with prayer.

Board members present were Eddie Granger, Christy Creyssels, Mark Argo, Pam Joyner and Leon Lyell.

Visitors present were Ron Park and Joel Washburn.

Minutes from the Aug. 11, 2020 board meeting and the Aug. 11 public hearing were distributed to board members prior to the meeting. Eddie Granger made a motion to approve the minutes and Christy Creyssels seconded the motion. After a roll call vote the motion passed unanimously.

APPROVE DEPT. REPORTS: The Dept. reports were distributed to board members before the meeting, the Fire Dept. had a blown transformer at 99 Holmes St and another all where a reason was not given. Also, there was a motorcycle fire at 4670 S. Broad St. There was a controlled burn on Atwood St and they had 2 hours of checking equipment on engine tanker and painting lines in the station and 2 hours of search and rescue.

The Police Dept. had 38 calls for service and 24 citations written. It was also noted on the report that Officer Williams had submitted his resignation.

The Water Dept. had 19 disconnects and 16 reconnects with delinquent water bills of \$17,469.05.

Christy Creyssels made a motion to approve the reports seconded by Pam Joyner. After a roll call vote the motion passed unanimously.

BOARD REPORTS: Mayor Blaylock stated that we received a call today from a citizen wanting to purchase a lot the city owns on 135 Johnson St. The Mayor stated we can't make a profit on the property but we need to recoup our purchase cost and mowing and legal fees. After some discussion, Christy Creyssels made a motion to bring the figures back to the board next month seconded by Pam Joyner. After a roll call vote the motion passed unanimously.

CMFO Jeff Goad stated to the board that the SRF program has notified applicants that funding from the FY2020 Capitalization Grant is now available for eligible projects listed on the FY2020 priority ranking list. Our project for the WTP Improvements is eligible for funding. The first is for \$122,650.00 for rehab of the clear wells, replace aeration equipment and installation of new high service pumps, controls and electrical components, planning and design. The second part is for \$584,925.00 for construction, engineering oversight and administration. This requires a letter requesting funding for the projects, the last 3 years of audited financial statements, the current water/sewer rate ordinance, an inter-disciplinary environmental review, facilities planning documents, engineering agreements, plans and specs, and documentation of acquired easements or letter certifying ownership of land. It was stated that the loan rate is usually around 1% and grant funding may include principal forgiveness until such funding is exhausted, applicants who are not eligible for principal forgiveness may receive low interest SRF funds for financing. Jeff stated that we are not obligated to proceed if they come back and state that ~~we~~ need to raise the water rates. After some discussion Pam Joyner made a motion to

move forward with the application seconded by Leon Lyell. After a roll call vote the motion passed unanimously.

Alderman Granger stated that he would like to move the 15 mph sign on W. Main down across from Hwy 190. He stated that he had spoken with someone with the THP and they stated it was enforceable. Mary Jo stated that she had spoken with Jason Moody with TDOT and he stated that you could not enforce a ticket if given within that 15 mph zone. After some discussion this matter was moved to next month.

CITIZEN/PUBLIC BUSINESS:

SUSPENSION OF STANDING RULE ON AGENDA ITEMS: Mayor Blaylock stated that we received a call today from a citizen wanting to purchase a lot the city owns on 135 Johnson St. The Mayor stated we can't make a profit on the property but we need to recoup our purchase cost and mowing and legal fees. After some discussion, Christy Creyssels made a motion to bring the figures back to the board next month seconded by Pam Joyner. After a roll call vote the motion passed unanimously.

CMFO Jeff Goad stated to the board that the SRF program has notified applicants that funding from the FY2020 Capitalization Grant is now available for eligible projects listed on the FY2020 priority ranking list. Our project for the WTP Improvements is eligible for funding. The first is for \$122,650.00 for rehab of the clear wells, replace aeration equipment and installation of new high service pumps, controls and electrical components, planning and design. The second part is for \$584,925.00 for construction, engineering oversight and administration. This requires a letter requesting funding for the projects, the last 3 years of audited financial statements, the current water/sewer rate ordinance, an inter-disciplinary environmental review, facilities planning documents, engineering agreements, plans and specs, and documentation of acquired easements or letter certifying ownership of land. Jeff stated that we are not obligated to proceed if they come back and state that we need to raise the water rates. After some discussion Pam Joyner made a motion to move forward with the application seconded by Leon Lyell. After a roll call vote the motion passed unanimously.

Alderman Granger stated that he would like to move the 15 mph sign on W. Main down across from Hwy 190. He stated that he had spoken with someone with the THP and they stated it was enforceable. Mary Jo stated that she had spoken with Jason Moody with TDOT and he stated that you could not enforce a ticket if given within that 15 mph zone. After some discussion this matter was moved to next month.

UNFINISHED BUSINESS:

Alderman Granger again brought up the dress code, he stated that the employees had been doing better with wearing their t-shirts. After some discussion Alderman Granger made a motion to keep the wording about no tank tops being worn and change the wording that any changes have to come before the board instead of the Mayor, Christy Creyssels seconded the motion. After a roll all vote with Alderman Joyner voting no the motion passed.

Alderman Granger stated that the Fire Dept. raises would be put on hold for the time being.

Attorney Trotter again spoke about withdrawing a proceeding against Ricky Nelson and his property on Park St. He stated he would like to get it off the docket to keep it from coming up every 3 months. He stated also that he had talked to Senator Stevens about some help with the CSX matter that we have been dealing with since May 2018 ~~300~~

had also contacted CSX about where we stand on this matter, now we wait for their response. After discussion Pam Joyner made a motion to withdraw the Nelson proceeding from the docket, Christy Creyssels seconded the motion. After a roll call vote the motion passed unanimously.

Attorney Trotter also informed the board he had spoken with Mr. Clark about the property at 5770 E Main St. Mr. Clark has signed the agreement that he will have the house torn down and the property cleaned up by Dec. 31, 2020. The only change made is he would like the drive way to stay and also the sidewalk that comes up from E. Main St. The board would like to inspect the property after the work is done to make sure it is satisfactory, also the neighbors who live on either side can have input on how it looks.

Mayor Blaylock presented the 2nd reading of the ordinance to codify, the 2nd reading of the water/sewer ordinance to raise rates for 50 cents for 1 year and the 2nd reading of the budget amendment ordinance. Eddie Granger made a motion to accept the 2nd reading seconded by Christy Creyssels. After a roll call vote the motion passed unanimously

NEW BUSINESS:

Mayor Blaylock told the board he would like to see a new red light put up at the 4-way stop due to the amount of vehicles that run through it every day. After some discussion it was decided to move this item to next month in order to get prices.

There were no bids received for the well house project so we can use a quote that was received from Lashlee Rich in Humboldt in the amount of \$12,210.00. Water superintendent Joe Waldrup stated that the work needs to be done before October when the State will make their inspection, if the project is not at least started by then we could be subject to a daily fine of up to \$1,000 per day. We have been told for years this needed to be done, after some discussion about putting it off until later Alderman Creyssels made a motion to have the needed repairs done seconded by Leon Lyell. After a roll call vote the motion passed unanimously.

Alderman Granger brought up the matter of making complaint cards and a drop box made available to the public. After a lengthy discussion this failed due to lack of a motion.

Water Superintendent Joe Waldrup stated to the board there is a customer that is just inside the city limits that would like to have city sewer instead of repairing his septic tank. In order to do this we would have to hire an engineer and contractor which could be upwards of \$50,000 or we could put a grinder pump and force main which would be \$2400 - \$2500 in materials plus labor and costs. The last option is to decide if this is feasible for only 1 customer. The board needs to find out what the ordinance states about providing the service to a customer that wants it. After much discussion Eddie Granger made a motion to bring this back to the board after research is done on the ordinances seconded by Christy Creyssels. After a roll call vote the motion passed unanimously.

ANNOUNCEMENTS:

MISCELLANEOUS:

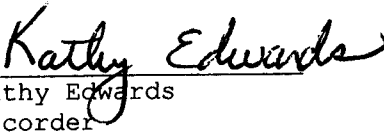
Delinquent Taxes:	2016 property taxes:	\$173.36
	2018 property taxes:	\$455.01
	2019 property taxes:	\$5816.70

BANK BALANCES: As of Sept.1, 2020:

General Fund - \$320,210.27	Solid Waste - \$70,153.80
Street Aid - \$54,689.69	Drug Fund - \$8,070.59
Water Fund - \$322,210.27	Water Reserve - \$81,181.60
SOR - \$509.67	Water Tank Reserve - \$6,601.00

The meeting adjourned at 8:19 p.m. Eddie Granger made a motion to adjourn seconded by Christy Creyssels.


Bobby Blaylock
Mayor


Kathy Edwards
Recorder

MAYOR
Bobby Blaylock
VICE MAYOR
Pam Joyner
RECORDER
Kathy Edwards

5560 North Broad St
PO Box 100
Trezevant, TN 38258

Phone: (731) 669-4831
Fax: (731) 330-1448

ALDERMAN
Christy Creyssels
Mark Argo
Eddie Granger
Leon Lyell

TOWN OF TREZEVANT

TREZEVANT WATER DEPARTMENT

FEE SCHEDULE

**WATER TAP - \$600, IF HAVING TO BORE THRU ROAD UP
TO ADDITIONAL \$150**

SEWER TAP - \$400

**CONNECTION FEE - \$50 FOR HOMEOWNERS
\$150 FOR RENTERS**

RE-CONNECTION FEE - \$25

RESOLUTION NO. 121011

A RESOLUTION OF THE TOWN OF Trezevant, TENNESSEE, ESTABLISHING A WRITTEN DEBT MANAGEMENT POLICY.

WHEREAS, the Trezevant Board of Mayor and Aldermen has determined the need to adopt and implement a modern and consistent policy concerning the incurrence of municipal debt; and

WHEREAS, pursuant to Tennessee Code Annotated § 9-21-151(b)(1), the Tennessee State Funding Board has developed model financial transaction policies which Tennessee municipalities are directed to adopt and enforce.

NOW, THEREFORE, BE IT RESOLVED BY THE Trezevant BOARD OF MAYOR AND ALDERMEN, AS FOLLOWS:

1. **Purpose and goals.** The purpose of this debt policy is to establish a set of parameters by which debt obligations will be undertaken by the Town of Trezevant, TN. This policy reinforces the commitment of the *Town* and its officials to manage the financial affairs of the Town so as to minimize risk, avoid conflicts of interest and ensure transparency while still meeting the capital needs of the Town. A debt management policy signals to the public and the rating agencies that the Town is using a disciplined and defined approach to financing capital needs and fulfills the requirements of the State of Tennessee regarding the adoption of a debt management policy.

The goal of this policy is to assist decision makers in planning, issuing and managing debt obligations by providing clear direction as to the steps, substance and outcomes desired. In addition, greater stability over the long-term will be generated by the use of consistent guidelines in issuing debt.

2. **Definition of debt.** All obligations of the Town to repay, with or without interest, in installments and/or at a later date, some amount of money utilized for the purchase, construction, or operation of Town resources. This includes but is not limited to notes, bond issues, capital leases, and loans of any type, including loans from another internal fund.

3. **Approval of Debt.** Bond anticipation notes, capital outlay notes, all borrowing from internal funds, grant anticipation notes, and tax and revenue anticipation notes will be submitted to the State of Tennessee Comptroller's Office and the Town Council prior to issuance or entering into the obligation. A plan for refunding debt issues will also be submitted to the Comptroller's Office prior to issuance. Capital or equipment leases may be entered into by the Town Council; however, details on the lease agreement will be forwarded to the Comptroller's Office on the specified form within 45 days.

4. **Transparency.** (a) The Town shall comply with legal requirements for notice and for public meetings related to debt issuance.

(b) All notices shall be posted in the customary and required posting locations, including as required local newspapers, bulletin boards, and websites.

(c) All costs (including principal, interest, issuance, continuing, and one-time) shall be clearly presented and disclosed to the citizens, the Town governing board, and other stakeholders in a timely manner.

(d) The terms and life of each debt issue shall be clearly presented and disclosed to the citizens, the Town Council, and other stakeholders in a timely manner.

(e) A debt service schedule outlining the rate of retirement for the principal amount shall be clearly presented and disclosed to the citizens, the Town governing board, and other stakeholders in a timely manner.

5. **Role of Debt.** (a) Long-term debt shall not be used to finance current operations. Long-term debt may be used for capital purchases or construction identified through the capital improvement, regional development, transportation, or master process or plan. Short-term debt may be used for certain projects and equipment financing as well as for operational borrowing; however, the Town will minimize the use of short-term cash flow borrowings by maintaining adequate working capital and close budget management.

(b) In accordance with Generally Accepted Accounting Principles and state law,

1. The maturity of the underlying debt will not be more than the useful life of the assets purchased or built with the debt, not to exceed 30 years; however, an exception may be made with respect to federally sponsored loans, provided such an exception is consistent with law and accepted practices.

2. Debt issued for operating expenses must be repaid within the same fiscal year of issuance or incurrence.

6. **Types and Limits of Debt.** (a) The Town will seek to limit total outstanding debt obligations such that the annual cost of all debt retirement payments, including loan service fees, does not exceed 20% of annual General Fund revenues, excluding enterprise debt, and revenue debt.

(b) The limitation on total outstanding debt must be reviewed prior to the issuance of any new debt.

(c) The Town's/Town's total outstanding debt obligation will be monitored and reported to the governing board by the Finance Officer at such time as the annual budget is presented to the governing board and prior to the issuance of new debt by the Town. The Finance Officer shall monitor the maturities and terms and conditions of all obligations to ensure compliance. The

Finance Officer shall also report to the governing board any matter that adversely affects the credit or financial integrity of the Town.

(d) The Town is authorized to issue General Obligation bonds, Revenue bonds, TIFs, inter-fund and other short-term loans, anticipatory notes and other debt allowed by law. The Town has determined it currently will not issue private debt (debt from a private individual).

(e) The Town will seek to structure debt with level or declining debt service payments over the life of each individual bond issue or loan.

(f) As a rule, the Town will not backload, use "wrap-around" techniques, balloon payments or other exotic formats to pursue the financing of projects. When refunding opportunities, natural disasters, other non-general fund revenues, or other external factors occur, the Town may utilize non-level debt methods. However, the use of such methods must be thoroughly discussed in a public meeting and the governing body must determine such use is justified and in the best interest of the Town.

(g) The Town may use capital leases to finance short-term projects.

(h) Bonds backed with a general obligations pledge often have lower interest rates than revenue bonds. The Town may use its General Obligation pledge with revenue bond issues when the populations served by the revenue bond projects overlap or significantly are the same as the property tax base of the Town. The Town Council and management are committed to maintaining rates and fee structures of revenue supported debt at levels that will not require a subsidy from the Town's General Fund.

7. **Use of Variable Rate Debt.** (a) The Town recognizes the value of variable rate debt obligations and that cities have greatly benefitted from the use of variable rate debt in the financing of needed infrastructure and capital improvements.

(b) However, the Town also recognizes there are inherent risks associated with the use of variable rate debt and will implement steps to mitigate these risks; including:

1. The Town will annually include in its budget an interest rate assumption for any outstanding variable rate debt that takes market fluctuations affecting the rate of interest into consideration.
2. Prior to entering into any variable rate debt obligation that is backed by insurance and secured by a liquidity provider, the Town governing board shall be informed of the potential affect on rates as well as any additional costs that might be incurred should the insurance fail.
3. Prior to entering into any variable rate debt obligation that is backed by a letter of credit provider, the Town governing board shall be informed of the potential affect on

rates as well as any additional costs that might be incurred should the letter of credit fail.

4. Prior to entering into any variable rate debt obligation, the Town governing board will be informed of any terms, conditions, fees, or other costs associated with the prepayment of variable rate debt obligations.

5. The Town shall consult with persons familiar with the arbitrage rules to determine applicability, legal responsibility, and potential consequences associated with any variable rate debt obligation.

8. **Use of derivatives.** The Town chooses not to use derivative or other exotic financial structures in the management of the Town's debt portfolio. Prior to any reversal of this provision:

(a) A written management report outlining the potential benefits and consequences of utilizing these structures must be submitted to the Town governing board; and

(b) The Town governing board must adopt a specific amendment to this policy concerning the use of derivatives or interest rate agreements that complies with the State Funding Board Guidelines.

9. **Costs of Debt.** (a) All costs associated with the initial issuance or incurrence of debt, management and repayment of debt (including interest, principal, and fees or charges) shall be disclosed prior to action by the Town governing board in accordance with the notice requirements stated above.

(b) In cases of variable interest or non-specified costs, detailed explanation of the assumptions shall be provided along with the complete estimate of total costs anticipated to be incurred as part of the debt issue.

(c) Costs related to the repayment of debt, including liabilities for future years, shall be provided in context of the annual budgets from which such payments will be funded (i.e. General Obligations bonds in context of the General Fund, Revenue bonds in context of the dedicated revenue stream and related expenditures, loans and notes).

10. **Refinancing Outstanding Debt.** The Town will refund debt when it is in the best financial interest of the Town to do so, and the Chief Financial Officer shall have the responsibility to analyze outstanding bond issues for refunding opportunities. The decision to refinance must be explicitly approved by the governing body, and all plans for current or advance refunding of debt must be in

compliance with state laws and regulations. The Chief Financial Officer will consider the following issues when analyzing possible refunding opportunities:

(a) Onerous Restrictions – Debt may be refinanced to eliminate onerous or restrictive covenants contained in existing debt documents, or to take advantage of changing financial conditions or interest rates.

(b) Restructuring for Economic Purposes – The Town will refund debt when it is in the best financial interest of the Town to do so. Such refunding may include restructuring to meet unanticipated revenue expectations, achieve cost savings, mitigate irregular debt service payments, or to release reserve funds. Current refunding opportunities may be considered by the Chief Financial Officer if the refunding generates positive present value savings, and the Chief Financial Officer must establish a minimum present value savings threshold for any refinancing.

(c) Term of Refunding Issues – The Town will refund bonds within the term of the originally issued debt. However, the Chief Financial Officer may consider maturity extension, when necessary to achieve a desired outcome, provided such extension is legally permissible. The Chief Financial Officer may also consider shortening the term of the originally issued debt to realize greater savings. The remaining useful life of the financed facility and the concept of inter-generational equity should guide this decision.

(d) Escrow Structuring – The Town shall utilize the least costly securities available in structuring refunding escrows. Under no circumstances shall an underwriter, agent or financial advisor sell escrow securities to the Town from its own account.

(e) Arbitrage – The Town shall consult with persons familiar with the arbitrage rules to determine applicability, legal responsibility, and potential consequences associated with any refunding.

11. **Professional services.** (a) The Town shall require all professionals engaged in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by both the Town and the lender or conduit issuer, if any. This includes “soft” costs or compensations in lieu of direct payments.

(b) Counsel: The Town shall enter into an engagement letter agreement with each lawyer or law firm representing the Town in a debt transaction; except that no engagement letter is required for any lawyer who is an employee of the Town or lawyer or law firm which is under a general appointment or contract to serve as counsel to the Town. The Town does not need an engagement letter with counsel not representing the Town, such as underwriters’ counsel.

(c) Financial Advisor: Should the Town decide to retain a financial advisor, the Town shall enter into a written agreement with each person or firm serving as financial advisor for debt management and transactions. Whether in a competitive sale or negotiated sale, the financial advisor

shall not be permitted to bid on, privately place or underwrite an issue for which they are or have been providing advisory services for the issuance or broker any other debt transactions for the Town.

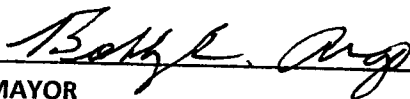
(d) Underwriter: If an underwriter is retained, the Town shall require the Underwriter to clearly identify itself in writing (*e.g., in a response to a request for proposals or in promotional materials provided to an issuer*) as an underwriter and not as a financial advisor from the earliest stages of its relationship with the Town with respect to that issue. The Underwriter must clarify its primary role as a purchaser of securities in an arm's-length commercial transaction and that it has financial and other interests that differ from those of the Entity. The Underwriter in a publicly offered, negotiated sale shall be required to provide pricing information both as to interest rates and to takedown per maturity to the Town governing board in advance of the pricing of the debt.

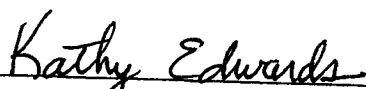
(e) Conflicts: Professionals involved in a debt transaction hired or compensated by the Town shall be required to disclose to the Town existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, liquidity or credit enhancement provider, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow the Town to appreciate the significance of the relationships. Professionals who become involved in the debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform are not subject to this disclosure. No disclosure is required that would violate any rule or regulation of professional conduct.

12. **Review of Policy.** This policy shall be reviewed at least annually by the Town governing board with the approval of the annual budget. Any amendments shall be considered and approved in the same process as the initial adoption of this Policy, with opportunity for public input.

13. **Compliance.** The Town Finance Officer is responsible for ensuring compliance with this policy.

PASSED AND APPROVED THIS 10 DAY OF December, 2011 BY A ROLL CALL VOTE OF THE
Trezevant BOARD OF MAYOR AND ALDERMEN.


MAYOR

ATTEST: 
Town Recorder

Town of Trezevant
Resolution to Clarify and Update Capitalization of
Assets Policy

WHEREAS, the Town passed ordinance 031219 which to established new thresholds to govern when expenditures for assets will be capitalized in accordance with generally accepted accounting principles.

WHEREAS, the Town desires to amend its capitalization of assets policy to incorporate new provisions in addition to new thresholds which for asset expenditures which will require capitalization.

THEREFORE, the Town resolves to adopt the attached Town of Trezevant - Fixed Asset Capitalization Policy to establish consistent guidelines for the capitalization and depreciation of its fixed assets.

1st Reading 7-9-19

Bobby J. Blaylock
Mayor

Kathy Edwards
City Recorder

TOWN OF TREZEVANT
FIXED ASSET CAPITALIZATION POLICY

Purpose

This policy is adopted to establish consistent guidelines for the capitalization and depreciation of fixed assets.

Capitalization Requirements

(1) Long term or fixed assets, including land, land improvements, buildings, building improvements, infrastructure, easements, construction work in progress, office furniture, office equipment, machinery, operating equipment and vehicles, will be capitalized and subject to depreciation when the asset has a useful life of more than two years and meets the following thresholds:

- | | |
|---------------------------------------|---------------------|
| • Land and easements | \$ 500 |
| • Buildings and building improvements | \$10,000 |
| • Improvements other than buildings | \$ 5,000 |
| • Equipment, furniture and vehicles | \$ 2,500 |
| • Infrastructure | \$10,000 |
| • Construction in Process | Tied to asset class |

Assets which are not capitalized will be expensed in the year of acquisition.

(2) The capitalization threshold is applied to individual units of fixed assets. For example, ten desks purchased in a single order, each costing \$1,000, will not qualify for capitalization even though the total cost of the desk order of \$10,000 exceeds the threshold of \$2,500.

(3) For purposes of capitalization, the threshold will generally not be applied to components of fixed assets which form one working system such as computer systems, electronic and laboratory equipment and other similar working systems. The entire working system will be treated as a single fixed asset provided the entire system meets the \$2,500 threshold.

(4) Repairs to existing fixed assets will generally not be subject to capitalization. Repairs are generally recognized as expenditures which are necessary to keep an asset in its intended operational condition and which do not materially increase the value of the asset. If a repair extends the useful life of a capital asset by more than two years and costs \$2,500 or more, then the repair represents an improvement and should be capitalized.

Infrastructure Capital Assets

Infrastructure includes new construction, replacement due to expansion or new technology, replacement due to the end of normal life cycle, major repairs or refurbishment and assets contributed by developers, customers or other third parties to the Town.

- (1) **New Construction.** New construction normally begins as a Construction-In-Progress project and may take more than one fiscal year to complete. At the completion of the project, the total costs of the project may be broken down by the major groups of assets by operating system. Under each system, the component unit of the assets is listed based on the nature of the component and the length of the estimated useful life.
- (2) **Replacement Due to Expansion or New Technology.** Replacement occurs when an old systems or equipment is replaced because the Town is either expanding its facilities to increase capacity or new technology and equipment has become available on the market which is more cost efficient than existing systems or equipment being used. In this situation, the old systems or equipment are replaced when they still have a remaining useful life and economic value. When each individual item or component unit meets the threshold requirements in Section 1 and has a useful life of more than two years, the individual item or component unit should be capitalized. Because the retired equipment or systems still have a positive net book value, the Town will calculate and record the appropriate loss on disposition.
- (3) **Replacement Due to the End of Life Cycle.** Replacement can occur as a result of normal scheduled maintenance. The component units can be purchased at the same time, but be installed simultaneously or within a planned short period time. In this situation, the old systems or equipment are replaced when they have no useful life or economic value. When the aggregate total cost of the component units meets the threshold requirements in Section 1 and have a useful life of more than two years, the component units should be capitalized. The estimated portion of the original asset that was replaced will be removed from the asset records of the Town.
- (4) **Repairs or Refurbishments.** The Town's existing infrastructure and other capital assets require regular repair and maintenance. Repair or refurbishment expenses to existing capital assets may be capitalized under certain circumstances. The criteria for determining whether the expenditure is an expense or capital asset requires knowledge of the effect the repair will have on the capital asset. To be considered as a capital asset, these conditions must be met: (a) the total repair or refurbishment cost of one job must meet the threshold requirements in Section 1, and; (b) after the repair or refurbishment, the remaining useful life of the existing asset must be extended by at least two years. When the above conditions are not met, the cost of repair or refurbishment will be considered as an operations and maintenance expense.
- (5) **Contributed Assets.** The Town may require a developer or customer to build or finance the building of utility system improvements as condition for receiving utility service. Upon the

completion of the utility system improvements, the developer or customer contributes the improvements to the Town, and the Town accepts ownership of the contributed improvements. In this situation, the utility system improvements are recorded as a capital asset at the time of acceptance by the Town. The total costs of the utility system improvements must be broken down by operating system, and the major component units are to be listed under the operating systems depending on the nature and the length of the estimated useful life.

Determination of Cost

- (1) Capital assets will be reported at historical cost. Cost will include all necessary expenditures to acquire the asset and place the asset into service, including ancillary costs.
- (2) Ancillary costs for infrastructure, buildings and improvements include professional fees of engineers, architects, attorneys, appraisers, financial advisors and other similar professionals; insurance premiums; costs incurred to obtain financing for the project; and other related costs incurred during construction necessary to place the asset into service.
- (3) Ancillary costs for equipment and vehicles include transportation charges, installation costs, licensing fees, and any other normal and necessary expenditures required to place the asset into its intended state of operation.
- (4) Ancillary costs for land include legal and title fees, appraisal and negotiation fees, damage payments, site preparation costs and demolition costs of unwanted structures.
- (5) Contributed capital assets will be recorded at their estimated fair market value on the date the contributed asset was accepted by the Town.
- (6) Self-constructed assets will be recorded based upon all direct costs (including labor) associated with the construction project.

Depreciation

- (1) With the exception of land and easements, all capital assets will be depreciated using the straight-line method over the useful life of the asset.
- (2) Regardless of the month the capital asset is placed in service, a full year of depreciation will be recorded in the first year. Once the asset has been fully depreciated, the asset will be kept on the books until its disposal.

(3) The useful life of a capital asset for depreciation will be determined as follows:

<u>Asset Account</u>	<u>Years</u>
Water Lines and Storage	40-50
Wastewater (sewer) system	40-50
Buildings (Office and Plant)	30-50
Well / Dam	Engineer's Estimate
Pumps and Treatment Equipment	15-20
Equipment and Tools	10-15
Machinery, Construction Equipment and Construction Vehicles	5-15
Transportation Equipment	5-10
Furniture and Fixtures	5-10
Information Systems	3-6

Fixed Assets Tagging and Inventory

Upon acquisition, all fixed assets other than infrastructure, buildings, land and land improvements will be assigned a serially numbered Town tag which will be affixed to the asset. The Town will conduct an annual physical inventory of tagged fixed assets. The inventory should identify assets which are missing or were sold, traded in, discarded or disposed of since the last annual physical inventory.

Water Fund, Town of Trezevant
Profit & Loss Budget vs. Actual
June through August 2020

	Jun - Aug 20	Budget	\$ Over Budget
Income			
Non-Operating Revenues			
210305 · Other Income	3,593.52	139,421.00	(135,827.48)
210306 · Interest Income	110.82	408.00	(297.18)
210307 · TDOT Engineering Income	0.00	0.00	0.00
210370 · Insurance Proceeds	0.00	0.00	0.00
Total Non-Operating Revenues	<u>3,704.34</u>	<u>139,829.00</u>	<u>(136,124.66)</u>
Operating Revenues			
210304 · Fire Plug Revenue	1,200.00	1,200.00	0.00
210345 · Bad Check Fee	(7.50)	4.16	(11.66)
Total Operating Revenues	<u>1,192.50</u>	<u>1,204.16</u>	<u>(11.66)</u>
260300 · Water Department Revenue			
260301 · Water Sales	28,518.22	30,363.00	(1,844.78)
260302 · Penalties	752.81	644.66	108.15
260304 · Connections	1,475.00	1,437.56	37.44
Total 260300 · Water Department Revenue	<u>30,746.03</u>	<u>32,445.22</u>	<u>(1,699.19)</u>
Total Income	<u>35,642.87</u>	<u>173,478.38</u>	<u>(137,835.51)</u>
Gross Profit	35,642.87	173,478.38	(137,835.51)
Expense			
260500 · Operating Expenses			
210550 · Interest Expense - Bonds	0.00	25.00	(25.00)
260501 · Salaries	9,655.31	9,828.91	(173.60)
260502 · Retirement	0.00	0.00	0.00
260505 · Water Testing			
260505A · Water Testing (TEC)	305.00	341.70	(36.70)
260505B · Sewer Testing (TEC)	0.00	769.00	(769.00)
Total 260505 · Water Testing	<u>305.00</u>	<u>1,110.70</u>	<u>(805.70)</u>
260506 · Employee Health Insurance	599.28	1,042.82	(443.54)
260511 · Utilities	2,304.03	3,083.36	(779.33)
260512 · Telephone	144.39	63.91	80.48
260513 · Repairs & Maintenance - Plant			
260513A · Water Plant	828.68	733.40	95.28
260513B · Well	0.00	158.33	(158.33)
260513C · Water Tank	2,829.00	3,000.00	(171.00)
260513J · Water Lines	1,373.68	1,166.70	206.98
260513L · Road Repairs	0.00	158.33	(158.33)
260513M · Gravel	0.00	233.33	(233.33)
260561 · Fire Hydrant Service	0.00	150.00	(150.00)
Total 260513 · Repairs & Maintenance - Plant	<u>5,031.36</u>	<u>5,600.09</u>	<u>(568.73)</u>
260514 · Payroll Taxes	718.33	835.56	(117.23)
260515 · State Unemployment Tax Expense	0.00	83.65	(83.65)
260517 · Repairs & Maintenance - Equip			
260517A · Lab Equipment Equip Calibration	1,440.00	237.56	1,202.44
260517B · Tools Repair	331.16	75.00	256.16
260517C · Truck Repair	235.25	137.53	97.72
Total 260517 · Repairs & Maintenance - Equip	<u>2,006.41</u>	<u>450.09</u>	<u>1,556.32</u>

8:21 AM
 09/13/20
 Accrual Basis

Water Fund, Town of Trezevant
Profit & Loss Budget vs. Actual
 June through August 2020

	Jun - Aug 20	Budget	\$ Over Budget
260519 · Licenses and Permits	1,360.00	358.40	1,001.60
260520 · Postage	199.32	212.53	(13.21)
260521 · Professional Services	18.75	666.73	(647.98)
260522 · Accounting and Auditing	0.00	500.06	(500.06)
260524 · Office Supplies and Materials	329.70	125.06	204.64
260525 · Advertising	656.01	150.00	506.01
260526 · Travel	0.00	120.83	(120.83)
260527 · Insurance	1,025.00	968.16	56.84
260530 · Memberships, Registration Fees	970.00	375.00	595.00
260531 · Gas and Oil	189.13	217.40	(28.27)
260535 · Depreciation	7,650.00	7,650.00	0.00
260541 · Operating Supplies			
260541A · Water	0.00	450.00	(450.00)
Total 260541 · Operating Supplies	0.00	450.00	(450.00)
260542 · Chemicals	1,036.55	1,333.33	(296.78)
260546 · Bad Debt	0.00	50.00	(50.00)
260553 · Bank Charges	0.00	15.00	(15.00)
260555 · School/Training	100.00	375.00	(275.00)
260560 · Capital Outlay			
260560F · Equipment	180.00	11,346.66	(11,166.66)
Total 260560 · Capital Outlay	180.00	11,346.66	(11,166.66)
260566 · TDOT Engineering Expense	2,457.00	12,224.66	(9,767.66)
Total 260500 · Operating Expenses	36,935.57	59,262.91	(22,327.34)
270500 · Sewer Department Expense			
270541 · Operating Supplies			
270541B · Sewer	0.00	0.00	0.00
Total 270541 · Operating Supplies	0.00	0.00	0.00
Total 270500 · Sewer Department Expense	0.00	0.00	0.00
Total Expense	36,935.57	59,262.91	(22,327.34)
Net Income	(1,292.70)	114,215.47	(115,508.17)

Water Fund, Town of Trezevant
Balance Sheet
As of August 31, 2020

	Aug 31, 20
ASSETS	
Current Assets	
Checking/Savings	
210102 · Cash in Bank - General	322,210.27
210103 · Cash in Bank - Restricted	81,181.60
210104 · Cash in Bank - Water Tank	6,601.00
Total Checking/Savings	409,992.87
Accounts Receivable	
210120a · Invoiced Accounts Receivable	8,533.20
Total Accounts Receivable	8,533.20
Other Current Assets	
210101 · Cash on Hand	100.00
Total Other Current Assets	100.00
Total Current Assets	418,626.07
Other Assets	
210120 · Accounts Receivable	82,052.61
210121 · Allowance for Doubtful Accounts	-50,873.00
210129 · Prepaid Insurance	2,255.34
210131 · Due from General Fund	59.00
210140 · Water Plant in Operation	3,394,211.22
210149 · Land GASB 34	17,394.00
210150 · Machinery and Equipment	26,497.04
210160 · Accumulated Depreciation	-1,645,839.71
210218 · Restricted For Sewer - Lift St	0.46
Total Other Assets	1,825,756.96
TOTAL ASSETS	2,244,383.03
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
210201 · *Accounts Payable	11,749.63
Total Accounts Payable	11,749.63
Other Current Liabilities	
210205 · Sales Tax Payable	1,610.93
210212 · N/P - Adkisson & Oak	0.10
210217 · AFLAC - After Tax Payable	49.48
210219 · Medicare Withheld	87.40
210220 · Social Security Withheld	313.59
210221 · Federal Withholding Withheld	224.00
210222 · State Unemployment Payable	1.38
210230 · Due to General Fund	15,993.27
210231 · Due to Solid Waste Fund	6,149.79
210290 · Contributions from State of TN	100,923.00
210291 · Amortization from State	-55,646.52
210292 · Contributed from Customers	71,040.19
210293 · Contributions from Federal Govt	464,830.00
210294 · Accum Amort Federal Govt	-274,743.56
Total Other Current Liabilities	330,833.05
Total Current Liabilities	342,582.68
Total Liabilities	342,582.68

4:18 PM
09/16/20
Accrual Basis

Water Fund, Town of Trezevant
Balance Sheet
As of August 31, 2020

	<u>Aug 31, 20</u>
Equity	
210295 · Retained Earnings	1,393,726.28
32000 · Unrestricted Net Assets	515,437.56
Net Income	-7,363.49
Total Equity	<u>1,901,800.35</u>
TOTAL LIABILITIES & EQUITY	<u><u>2,244,383.03</u></u>

MAYOR
Bobby Blaylock
VICE MAYOR
Pam Joyner
RECORDER
Kathy Edwards

5560 North Broad St
PO Box 100
Trezevant, TN 38258

Phone: (731) 669-4831
Fax: (731) 669-3249

ALDERMAN
Eddie Granger
Ricky Browning
Mark Argo
Christy Creyssels

TOWN OF TREZEVANT

Plan to end Water & Sewer Distressed Position

1. Raising rates \$.50 a year this year and checking our net position at the end of the fiscal year 2021.
2. Our town was paying two license holders to run our water and sewer departments while our water / sewer employee obtains his required licenses. We were able to cut one of them from the payroll in our current budget, which removed \$15,860 from our payroll. Once our water / sewer employee obtains all his required licenses we will be able to cut the other license holder from our payroll which will save the town an additional \$40,040 in payroll yearly.
3. We have an operator training and as he obtains each new license the person who has licenses who is over seeing the system will lower the fee we pay him.
4. Our town is working on a plan to rehab the system to bring in modern equipment that we feel will help the system run more efficiently thus saving the system money in the future. We will finance this upgrade through fund balance, grants, and loans.
5. Our town is going to start replacing water meters every 5-7 years to prevent the low reading of water flow by older meters. This will be done by breaking the number of meters down by 5 and replacing that number of meters every year.

Mayor and Aldermen

Bobby Blaylock — Mayor

P O Box 307

Trezevant, TN 38258

731-358-7990

Elected — Nov. 2018

Training completed

Pam Joyner — Vice Mayor

P O Box 204

Trezevant, TN 38258

731-225-0661

Elected — Nov. 2018

Training completed

Christy Creyssels - Alderman

5740 E Main St.

Trezevant, TN 38258

731-571-2218

Appointed — Feb. 2020

Training completed

Eddie Granger — Alderman

P O Box F

Trezevant, TN 38258

731-431-5709

Elected — Nov. 2018

Training Completed

Mark Argo — Alderman

P O Box 178

Trezevant, TN 38258

Appointed — Feb. 2020

Training not completed

Leon Lyell – Alderman

311 Park Street

Trezevant, Tn. 38258

Appointed – August 2020

Training not completed

MAYOR
Bobby Blaylock
VICE MAYOR
Pam Joyner
RECORDER
Kathy Edwards

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ALDERMAN
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Ricky Browning
Mark Argo
Christy Creyssels

TOWN OF TREZEVANT

Response to WWFB Questionnaire Section B Water Utility Information

4. A. We have the fees to offset the cost of connecting new homes to water system, offset the cost of changing the registered user of the water, and to offset cost of having to send employee out to turn water on and off when bills are not paid
23. No, we recently tried to get the board to raise connection fees and reconnection fees but they declined to do so.

MAYOR
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VICE MAYOR
Pam Joyner
RECORDER
Kathy Edwards

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Christy Creyssels
Leon Lyell

TOWN OF TREZEVANT

Cost to Produce 1,000 Gallons of Water

Total cost(see following sheets): \$79,064

Gallons produced: 44,100,000

44,100,000 divided by 1000 = 44,100

\$79,064 divided by 44,100 = \$1.79 per 1000 gallons

**Water Fund, Town of Trezvant
Profit & Loss Budget vs. Actual
July 2019 through June 2020**

	Jul '19 - Jun 20	Budget	\$ Over Budget
Income			
Non-Operating Revenues			
210305 - Other Income	32,608.54	146,696.00	(114,087.46)
210306 - Interest Income	1,196.17	1,308.00	(111.83)
210307 - TDOT Engineering Income	0.00	0.00	0.00
210370 - Insurance Proceeds	0.00	0.00	0.00
Total Non-Operating Revenues	33,804.71	148,004.00	(114,199.29)
Operating Revenues			
210304 - Fire Plug Revenue	4,825.00	4,800.00	25.00
210345 - Bad Check Fee	(7.50)	50.00	(57.50)
Total Operating Revenues	4,817.50	4,850.00	(32.50)
260300 - Water Department Revenue			
260301 - Water Sales	116,152.74	121,452.00	(5,299.26)
260302 - Penalties	2,426.19	2,750.00	(323.81)
260304 - Connections	5,275.00	5,750.00	(475.00)
Total 260300 - Water Department Revenue	123,853.93	129,952.00	(6,098.07)
Total Income	162,476.14	282,806.00	(120,329.86)
Gross Profit	162,476.14	282,806.00	(120,329.86)
Expense			
260500 - Operating Expenses			
210550 - Interest Expense - Bonds	0.00	25.00	(25.00)
260501 - Salaries	43,098.38	41,957.00	1,141.38
260502 - Retirement	0.00	0.00	0.00
260505 - Water Testing	0.00	0.00	0.00
260505A - Water Testing (TEC)	873.00	1,500.00	(627.00)
260505B - Sewer Testing (TEC)	0.00	0.00	0.00
Total 260505 - Water Testing	873.00	1,500.00	(627.00)
260506 - Employee Health Insurance	1,366.59	1,900.00	(533.41)
260511 - Utilities	11,331.36	10,900.00	431.36
260512 - Telephone	319.13	215.00	104.13
260513 - Repairs & Maintenance - Plant	3,286.49	2,900.00	386.49
260513A - Water Plant	0.00	600.00	(600.00)
260513B - Well	0.00	600.00	(600.00)
260513C - Water Tank	12,762.22	12,000.00	762.22
260513J - Water Lines	7,520.07	4,600.00	2,920.07
260513L - Road Repairs	0.00	900.00	(900.00)
260513M - Gravel	450.00	900.00	(450.00)
260561 - Fire Hydrant Service	1,452.99	150.00	1,302.99
Total 260513 - Repairs & Maintenance - Plant	25,471.77	22,050.00	3,421.77
260514 - Payroll Taxes	3,253.03	3,566.00	(312.97)
260515 - State Unemployment Tax Expense	144.11	357.00	(212.89)
260517 - Repairs & Maintenance - Equip	2,049.33	950.00	1,099.33
260517A - Lab Equipment Equip Calibration	659.33	300.00	359.33
260517B - Tools Repair	3,034.07	550.00	2,484.07
260517C - Truck Repair	0.00	550.00	(550.00)
Total 260517 - Repairs & Maintenance - Equip	5,742.73	1,800.00	3,942.73

**Water Fund, Town of Trezavant
Profit & Loss Budget vs. Actual
July 2019 through June 2020**

	Jul '19 - Jun 20	Budget	\$ Over Budget
260519 · Licenses and Permits	937.50	1,400.00	(462.50)
260520 · Postage	802.22	850.00	(47.78)
260521 · Professional Services	3,233.77	2,600.00	633.77
260522 · Accounting and Auditing	1,960.00	2,000.00	(40.00)
260524 · Office Supplies and Materials	1,653.06	500.00	1,153.06
260525 · Advertising	518.25	600.00	(81.75)
260526 · Travel	0.00	250.00	(250.00)
260527 · Insurance	4,440.54	3,986.00	454.54
260530 · Memberships, Registration Fees	910.00	1,500.00	(590.00)
260531 · Gas and Oil	894.17	700.00	194.17
260535 · Depreciation	30,600.00	30,600.00	0.00
260541 · Operating Supplies	613.64	1,800.00	(1,186.36)
260541A · Water			
Total 260541 · Operating Supplies	613.64	1,800.00	(1,186.36)
260542 · Chemicals	4,483.13	5,250.00	(766.87)
260546 · Bad Debt	0.00	50.00	(50.00)
260553 · Bank Charges	40.00	60.00	(20.00)
260555 · School/Training	30.00	1,500.00	(1,470.00)
260560 · Capital Outlay			
260560F · Equipment	10,960.32	134,000.00	(123,039.68)
Total 260560 · Capital Outlay	10,960.32	134,000.00	(123,039.68)
260566 · TDOT Engineering Expense	30,222.39	146,696.00	(116,473.61)
Total 260500 · Operating Expenses	183,899.09	418,612.00	(234,712.91)
270500 · Sewer Department Expense			
270541 · Operating Supplies	0.00	0.00	0.00
270541B · Sewer			
270541 · Operating Supplies	0.00	0.00	0.00
Total 270500 · Sewer Department Expense	0.00	0.00	0.00
Total Expense	183,899.09	418,612.00	(234,712.91)
Net Income	(21,422.95)	(135,806.00)	114,383.05

Section B: Wastewater Utility Information

1. Does your utility offer wastewater? **Yes**
 - a. If yes, please complete the following section.
2. Have you had any rate changes in the previous five years?
Yes or No (Circle your answer)
 - a. Please provide a copy of your current rate ordinance/structure and the justification for why the rates are set this way- including any recent rate studies performed for the utility.
 - b. Please provide a copy of previous rate ordinances/structures from the previous five years if you answered yes to Question #2.
 - c. If you have differing rate classes (inside/outside city limits, residential/commercial/industrial, new developments, etc.), please provide justification as to why these rates are set the way they are. **The rates are same for all rate classes.**
3. Do you have any current plans for a rate change?
Yes or No (Circle your answer)
 - a. If yes, please provide a written answer to the following questions:
 - i. Are you planning for a rate increase or decrease? **Increase**
 - ii. Are you planning this change across all customer classes or only on a certain customer class? **Across all customer classes**
 - iii. Has your Board voted on this rate change yet? **Yes passed on 9-8-2020.**
 - iv. If your Board has discussed a rate change at recent meetings, please attach a copy of the relevant minutes at which this meeting took place.
4. Have you had any utility fee changes in the previous five years?
Yes or No (Circle your answer)
 - a. Please provide a copy of your current utility fee schedule.
 - b. Please provide a copy of previous utility fee schedules if you answered yes to Question #3.
 - c. Please provide a written rationale for the charges for tap fees, reconnect fees, etc.
5. Has your debt management policy been reviewed in the last 5 years?
Yes or No (Circle your answer)
 - a. Please provide a copy of your debt management policy. If you do not have a debt management policy, please provide a written rationale for why a debt management policy has not been adopted.
6. Has your capitalization policy been reviewed in the last 5 years?
Yes or No (Circle your answer)
 - a. Please provide a copy of your capitalization policy. If you do not have a capitalization policy, please provide a written rationale for why a capitalization policy has not been adopted.

7. Please provide the most recent 3 months of balance sheets and income statements for your utility. ✓
- a. If you are a water and wastewater utility and are having difficulty breaking out the accounts, please use percentages or estimate for accounts for the most accurate depiction of the financial status of the utility.
8. Do you have a plan to remedy your financially distressed position for your wastewater fund?
- Yes** or No (Circle your answer)
- a. If yes, please provide a detailed copy.
- b. If no, please provide a justification for why not.
9. Who has the authority to set rates and fees?

Answer: Board of mayor and aldermen.

-
- a. Is this a board or committee separate from your local legislative body? (City Council, Board of Mayor and Alderman, etc.)
- Yes** or No (Circle your answer)
- b. Please provide a list containing the following information for the aforementioned individuals:
- i. Name
 - ii. Title
 - iii. Mailing Address
 - iv. Phone Number
 - v. Date of Initial Election or Appointment
 - vi. Have they fulfilled their initial 12 hour training requirement within the first year of service, if applicable? Yes or No
 - vii. If so, please provide proof that the training requirement has been satisfied.

10. How many total customers do you currently have?

Answer: 380

-
- a. Please provide a numerical break-down of the totals for each type of customer:
- | | |
|---------------|------------|
| i. Billed | 380 |
| ii. Unbilled | 0 |
| iii. Metered | 380 |
| iv. Unmetered | 0 |
- v. Breakdown by Rate Class (inside, outside, inside residential, inside commercial, outside residential, outside commercial, etc.)

11. What percentage of your sales do your largest 10 customers account for annually?
(Largest 10 Customer Revenues Total / Total Annual Wastewater Revenue)

Answer: **8 percent**

12. What percentage of your volume do your largest 10 customers account for annually?
(Wastewater Revenue for Largest 10 Customers / Total Wastewater Revenue)

Answer: **15 percent**

13. Do you adjust wastewater bills for customers with water leaks?

Yes or No (Circle your answer)

- a. If yes, how many leak adjustments were performed based on your leak adjustment policy in the last 12 months? What is the cost associated with these leaks?

Answer: See water section

- a. If yes, please attach a copy of your adjustment policy.
b. If no, please move on to the next question.

14. Have you incurred any new debt during the current fiscal year for your wastewater utility, or do you plan on incurring any debt during the current fiscal year for your water utility?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding the debt.
b. If no, please move on to the next question.

15. Have you received any grants or capital contributions during the current fiscal year for your wastewater utility, or do you plan on receiving any grants or capital contributions during the current fiscal year for your water utility?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation regarding these grants or capital contributions.
b. If no, please move on to the following question.

16. Have you applied for any grants that will be received over the next two years?

Yes or No (Circle your answer) We found out on 9-14-2020 our town did not score well enough to receive CDBG.

- a. If yes, please provide a detailed explanation regarding these potential grants.
b. If no, please move on to the following question.

17. Are your customers made aware of the rates and fees you have in place annually?

Yes or No (Circle your answer)

- a. If yes, how is this accomplished? They are made aware of the rates during application process.
b. If no, please provide a written justification as to why not.

18. Do you review your capital asset list?

Yes or No (Circle your answer)

- a. If yes, how often is this list reviewed and by whom? Yearly at audit time water personell and CMFO.
b. If no, please provide a written justification as to why not.

19. Do you keep a copy of your capital asset list on file?

Yes or No (Circle your answer)

20. Excluding any customers on wells, are **all** of your customers billed based on water usage?

Yes or No (Circle your answer)

- a. If yes, who supplies the usage data, and are there multiple water suppliers for your customers?

Answer: Our water employee reads meters each month. No we are the only supplier for our customers.

- b. If no, but **some** of your customers are billed based on water usage, then answer the above question regarding usage data, but also provide a written explanation on how these customers are billed that are not billed based on water usage.
- c. If no, and **none** of your customers are based on water usage, then provide a written explanation on how these customers are billed.

21. Do you have any customers on wells?

Yes or No (Circle your answer)

- a. If yes, how are these customers billed?

Answer:

- b. If no, please move on to the following question.

22. Do you have any wastewater customers you classify as wholesale?

Yes or No (Circle your answer)

- a. If yes, please provide the contract(s) with these customer(s) or a detailed explanation as to why a contract does not exist and the rate at which wastewater is treated for this customer?
- b. If no, please move on to the following question.

23. Do you treat your own wastewater?

Yes or No (Circle your answer)

- a. If yes, please provide the following:
 - i. Cost to treat per thousand gallons. \$1.69
 - ii. The design capacity of your treatment facility and the percentage of the design capacity currently being used. Design capacity is .20MGD 64.5 percent
 - iii. The average operating capacity of your treatment facility. 64.5 percent
- b. If no, please provide the following:
 - i. List of entities wastewater is treated by
 - ii. Rates at which wastewater is treated by entity
 - iii. Wastewater treatment contract with these entities, if no contract exists - please give an explanation as to why there is no contract.

24. Do you have a plan to improve your infiltration and inflow (I&I)?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation as to how this will be improved along with your current I&I data.
- b. If no, please provide a detailed justification as to why the current I&I does not need to be improved along with your current I&I data.

25. Are there any environmental concerns currently or forthcoming that will put a financial burden on the system?

Yes or No (Circle your answer)

- a. If yes, please provide a detailed explanation as to what the concern or issue is and the extent of the financial burden that will be incurred.
- b. If no, please move on to the next question.

26. In regard to your governing body, how frequently do you meet and what is your practice of providing notice of your meetings?

Answer: The board of mayor and aldermen meet the second Tuesday of every month. We do not provide notice of meetings.

27. Do you have a sewer use ordinance?

Yes or No (Circle your answer)

- a. If yes, please provide a copy and description of how this is enforced.
- b. If no, please provide a justification for the lack thereof.

AN ORDINANCE TO INCREASE WATER AND SEWER RATES FOR CUSTOMERS SERVED BY THE TOWN OF TREZEVANT

WHEREAS, Title 18, Chapter 1, of the Town Charter authorizes the Town Council to set utility rates for water and sewer services; and

WHEREAS, current revenues are not meeting current expenditures; and

THEREFORE, Be It Ordained by the Town Board of Mayor and Alderman of Town of Trezevant, Tennessee as follows:

Section 1. The water usage rates shall be as follows:

Effective September 9, 2020
0-1000 gallons \$21.66
1001 & over \$2.85 per 1000 gallons

Section 2. The sewer charges will be 110% of water charges.

Section 3. The utility clerk is authorized to revise the next monthly utility bills to reflect the rate increase as herein outlined.

Section 4. This ordinance shall become effective upon its final passage, the public welfare requiring it.

1st Reading Sept. 1, 2020

2nd Reading Sept. 8-2020

Bobby J. Blylock
Mayor

Kathy Edwards
Recorder

Ordinance No. 062719B

AN ORDINANCE TO INCREASE WATER AND SEWER RATES FOR CUSTOMERS SERVED BY THE TOWN OF TREZEVANT

WHEREAS, Title 18, Chapter 1, of the Town Charter authorizes the Town Council to set utility rates for water and sewer services; and

WHEREAS, current revenues are not meeting current expenditures, and

Therefore, Be It Ordained by the Town Board of Mayor and Alderman of Town of Trezevant, Tennessee as follows:

Section 1. The water usage rates shall be as follows:

0-1000 gallons \$21.16 20.66
1001 & over \$2.35 per 1000 gallons

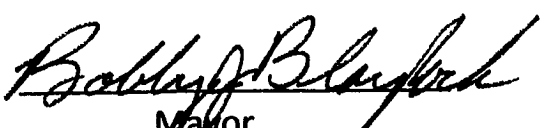
Section 2. The sewer charge will be 110% of water charges.

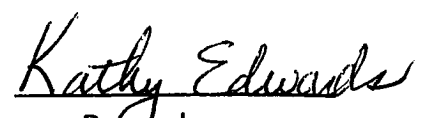
Section 3. The utility clerk is authorized to revise the next monthly utility bills to reflect the rate increase as herein outlined.

Section 4. This ordinance shall become effective upon its final passage, the public welfare requiring it.

1st Reading 6-11-19

2nd Reading 6-27-19


Mayor


Recorder

TOWN OF TREZEVANT
SPECIAL CALLED MEETING
Sept. 1, 2020

The Official Board held a "Special Called Board Meeting" on Sept. 1, 2020. The purpose for the "Special Called Board Meeting" was the 1st reading of an ordinance to raise water rates, 2nd reading of a fireworks ordinance and the 1st reading of the budget amendment ordinance.

Members in attendance were Christy Creyssels, Pam Joyner, Mark Argo, Leon Lyell and Eddie Granger.

Mayor Blaylock called the meeting to order at 6:03 p.m.

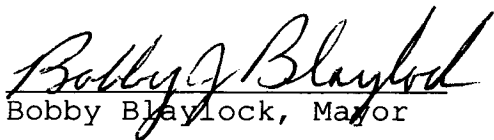
Mayor Blaylock opened the meeting with prayer.

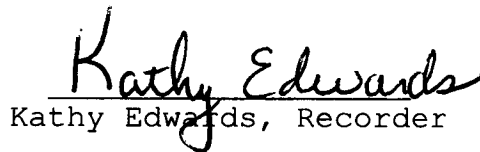
Mayor Blaylock presented an ordinance to raise water rates by 50 cents for the next 3 years. Alderman Argo stated he didn't understand why we needed to raise rates. CMFO Jeff Goad re-iterated that we had talked about this last month, the Water/Wastewater Finance Board is looking at our financial records to see if they need to step in and raise our rates due to operating in the red the past 2 years, he stated he thought it would look better if we had a 3 year plan in place. After much discussion between the aldermen, Alderman Granger made the motion to only raise the rates 50 cents for 1 year and then re-visit the issue. Leon Lyell seconded the motion. After a roll call vote with Christy Creyssels and Pam Joyner voting no, the motion passed.

The 2nd reading of the fireworks ordinance was next, Eddie Granger made a motion to pass the ordinance seconded by Christy Creyssels. After a roll call vote the motion passed unanimously.

The 1st reading of the budget amendment ordinance followed, CMFO Goad stated there was a change in the fire dept. budget due to purchasing new turn out gear for 3 firemen and adding the new bay on the fire station on W. Main St. After some discussion Christy Creyssels made a motion to pass the 1st reading seconded by Pam Joyner. After a roll call vote the motion passed unanimously.

Eddie Granger made a motion to adjourn, seconded by Christy Creyssels, the meeting adjourned at 6:34 p.m.


Bobby Blaylock, Mayor


Kathy Edwards, Recorder

**TOWN OF TREZEVANT
REGULAR BOARD MEETING
Sept. 8, 2020**

The Official Board held their Regular Board Meeting on Sept. 8, 2020.

Mayor Bobby Blaylock called the meeting to order at 6:30 p.m.

Mayor Blaylock opened the meeting with prayer.

Board members present were Eddie Granger, Christy Creyssels, Mark Argo, Pam Joyner and Leon Lyell.

Visitors present were Ron Park and Joel Washburn.

Minutes from the Aug. 11, 2020 board meeting and the Aug. 11 public hearing were distributed to board members prior to the meeting. Eddie Granger made a motion to approve the minutes and Christy Creyssels seconded the motion. After a roll call vote the motion passed unanimously.

APPROVE DEPT. REPORTS: The Dept. reports were distributed to board members before the meeting, the Fire Dept. had a blown transformer at 99 Holmes St and another all where a reason was not given. Also, there was a motorcycle fire at 4670 S. Broad St. There was a controlled burn on Atwood St and they had 2 hours of checking equipment on engine tanker and painting lines in the station and 2 hours of search and rescue.

The Police Dept. had 38 calls for service and 24 citations written. It was also noted on the report that Officer Williams had submitted his resignation.

The Water Dept. had 19 disconnects and 16 reconnects with delinquent water bills of \$17,469.05.

Christy Creyssels made a motion to approve the reports seconded by Pam Joyner. After a roll call vote the motion passed unanimously.

BOARD REPORTS: Mayor Blaylock stated that we received a call today from a citizen wanting to purchase a lot the city owns on 135 Johnson St. The Mayor stated we can't make a profit on the property but we need to recoup our purchase cost and mowing and legal fees. After some discussion, Christy Creyssels made a motion to bring the figures back to the board next month seconded by Pam Joyner. After a roll call vote the motion passed unanimously.

CMFO Jeff Goad stated to the board that the SRF program has notified applicants that funding from the FY2020 Capitalization Grant is now available for eligible projects listed on the FY2020 priority ranking list. Our project for the WTP Improvements is eligible for funding. The first is for \$122,650.00 for rehab of the clear wells, replace aeration equipment and installation of new high service pumps, controls and electrical components, planning and design. The second part is for \$584,925.00 for construction, engineering oversight and administration. This requires a letter requesting funding for the projects, the last 3 years of audited financial statements, the current water/sewer rate ordinance, an inter-disciplinary environmental review, facilities planning documents, engineering agreements, plans and specs, and documentation of acquired easements or letter certifying ownership of land. It was stated that the loan rate is usually around 1% and grant funding may include principal forgiveness until such funding is exhausted, applicants who are not eligible for principal forgiveness may receive low interest SRF funds for financing. Jeff stated that we are not obligated to proceed if they come back and state that we need to raise the water rates. After some discussion Pam Joyner made a motion

move forward with the application seconded by Leon Lyell. After a roll call vote the motion passed unanimously.

Alderman Granger stated that he would like to move the 15 mph sign on W. Main down across from Hwy 190. He stated that he had spoken with someone with the THP and they stated it was enforceable. Mary Jo stated that she had spoken with Jason Moody with TDOT and he stated that you could not enforce a ticket if given within that 15 mph zone. After some discussion this matter was moved to next month.

CITIZEN/PUBLIC BUSINESS:

SUSPENSION OF STANDING RULE ON AGENDA ITEMS: Mayor Blaylock stated that we received a call today from a citizen wanting to purchase a lot the city owns on 135 Johnson St. The Mayor stated we can't make a profit on the property but we need to recoup our purchase cost and mowing and legal fees. After some discussion, Christy Creyssels made a motion to bring the figures back to the board next month seconded by Pam Joyner. After a roll call vote the motion passed unanimously.

CMFO Jeff Goad stated to the board that the SRF program has notified applicants that funding from the FY2020 Capitalization Grant is now available for eligible projects listed on the FY2020 priority ranking list. Our project for the WTP Improvements is eligible for funding. The first is for \$122,650.00 for rehab of the clear wells, replace aeration equipment and installation of new high service pumps, controls and electrical components, planning and design. The second part is for \$584,925.00 for construction, engineering oversight and administration. This requires a letter requesting funding for the projects, the last 3 years of audited financial statements, the current water/sewer rate ordinance, an inter-disciplinary environmental review, facilities planning documents, engineering agreements, plans and specs, and documentation of acquired easements or letter certifying ownership of land. Jeff stated that we are not obligated to proceed if they come back and state that we need to raise the water rates. After some discussion Pam Joyner made a motion to move forward with the application seconded by Leon Lyell. After a roll call vote the motion passed unanimously.

Alderman Granger stated that he would like to move the 15 mph sign on W. Main down across from Hwy 190. He stated that he had spoken with someone with the THP and they stated it was enforceable. Mary Jo stated that she had spoken with Jason Moody with TDOT and he stated that you could not enforce a ticket if given within that 15 mph zone. After some discussion this matter was moved to next month.

UNFINISHED BUSINESS:

Alderman Granger again brought up the dress code, he stated that the employees had been doing better with wearing their t-shirts. After some discussion Alderman Granger made a motion to keep the wording about no tank tops being worn and change the wording that any changes have to come before the board instead of the Mayor, Christy Creyssels seconded the motion. After a roll all vote with Alderman Joyner voting no the motion passed.

Alderman Granger stated that the Fire Dept. raises would be put on hold for the time being.

Attorney Trotter again spoke about withdrawing a proceeding against Ricky Nelson and his property on Park St. He stated he would like to get it off the docket to keep it from coming up every 3 months. He stated also that he had talked to Senator Stevens about some help with the CSX matter that we have been dealing with since May 2018 and

had also contacted CSX about where we stand on this matter, now we wait for their response. After discussion Pam Joyner made a motion to withdraw the Nelson proceeding from the docket, Christy Creyssels seconded the motion. After a roll call vote the motion passed unanimously.

Attorney Trotter also informed the board he had spoken with Mr. Clark about the property at 5770 E Main St. Mr. Clark has signed the agreement that he will have the house torn down and the property cleaned up by Dec. 31, 2020. The only change made is he would like the drive way to stay and also the sidewalk that comes up from E. Main St. The board would like to inspect the property after the work is done to make sure it is satisfactory, also the neighbors who live on either side can have input on how it looks.

Mayor Blaylock presented the 2nd reading of the ordinance to codify, the 2nd reading of the water/sewer ordinance to raise rates for 50 cents for 1 year and the 2nd reading of the budget amendment ordinance. Eddie Granger made a motion to accept the 2nd reading seconded by Christy Creyssels. After a roll call vote the motion passed unanimously

NEW BUSINESS:

Mayor Blaylock told the board he would like to see a new red light put up at the 4-way stop due to the amount of vehicles that run through it every day. After some discussion it was decided to move this item to next month in order to get prices.

There were no bids received for the well house project so we can use a quote that was received from Lashlee Rich in Humboldt in the amount of \$12,210.00. Water superintendent Joe Waldrup stated that the work needs to be done before October when the State will make their inspection, if the project is not at least started by then we could be subject to a daily fine of up to \$1,000 per day. We have been told for years this needed to be done, after some discussion about putting it off until later Alderman Creyssels made a motion to have the needed repairs done seconded by Leon Lyell. After a roll call vote the motion passed unanimously.

Alderman Granger brought up the matter of making complaint cards and a drop box made available to the public. After a lengthy discussion this failed due to lack of a motion.

Water Superintendent Joe Waldrup stated to the board there is a customer that is just inside the city limits that would like to have city sewer instead of repairing his septic tank. In order to do this we would have to hire an engineer and contractor which could be upwards of \$50,000 or we could put a grinder pump and force main which would be \$2400 - \$2500 in materials plus labor and costs. The last option is to decide if this is feasible for only 1 customer. The board needs to find out what the ordinance states about providing the service to a customer that wants it. After much discussion Eddie Granger made a motion to bring this back to the board after research is done on the ordinances seconded by Christy Creyssels. After a roll call vote the motion passed unanimously.

ANNOUNCEMENTS:

MISCELLANEOUS:


Delinquent Taxes:	2016 property taxes:	\$173.36
	2018 property taxes:	\$455.01
	2019 property taxes:	\$5816.70

BANK BALANCES: As of Sept.1, 2020:

General Fund - \$320,210.27	Solid Waste - \$70,153.80
Street Aid - \$54,689.69	Drug Fund - \$8,070.59
Water Fund - \$322,210.27	Water Reserve - \$81,181.60
SOR - \$509.67	Water Tank Reserve - \$6,601.00

The meeting adjourned at 8:19 p.m. Eddie Granger made a motion to adjourn seconded by Christy Creyssels.


Bobby Blaylock
Mayor


Kathy Edwards
Recorder

MAYOR
Bobby Blaylock
VICE MAYOR
Pam Joyner
RECORDER
Kathy Edwards

5560 North Broad St
PO Box 100
Trezevant, TN 38258

Phone: (731) 669-4831
Fax: (731) 330-1448

ALDERMAN
Christy Creyssels
Mark Argo
Eddie Granger
Leon Lyell

TOWN OF TREZEVANT

TREZEVANT WATER DEPARTMENT

FEE SCHEDULE

**WATER TAP - \$600, IF HAVING TO BORE THRU ROAD UP
TO ADDITIONAL \$150**

SEWER TAP - \$400

**CONNECTION FEE - \$50 FOR HOMEOWNERS
\$150 FOR RENTERS**

RE-CONNECTION FEE - \$25

RESOLUTION NO. 121011

A RESOLUTION OF THE TOWN OF Trezevant, TENNESSEE, ESTABLISHING A WRITTEN DEBT MANAGEMENT POLICY.

WHEREAS, the Trezevant Board of Mayor and Aldermen has determined the need to adopt and implement a modern and consistent policy concerning the incurrence of municipal debt; and

WHEREAS, pursuant to Tennessee Code Annotated § 9-21-151(b)(1), the Tennessee State Funding Board has developed model financial transaction policies which Tennessee municipalities are directed to adopt and enforce.

NOW, THEREFORE, BE IT RESOLVED BY THE Trezevant BOARD OF MAYOR AND ALDERMEN, AS FOLLOWS:

1. **Purpose and goals.** The purpose of this debt policy is to establish a set of parameters by which debt obligations will be undertaken by the Town of Trezevant, TN. This policy reinforces the commitment of the *Town* and its officials to manage the financial affairs of the Town so as to minimize risk, avoid conflicts of interest and ensure transparency while still meeting the capital needs of the Town. A debt management policy signals to the public and the rating agencies that the Town is using a disciplined and defined approach to financing capital needs and fulfills the requirements of the State of Tennessee regarding the adoption of a debt management policy.

The goal of this policy is to assist decision makers in planning, issuing and managing debt obligations by providing clear direction as to the steps, substance and outcomes desired. In addition, greater stability over the long-term will be generated by the use of consistent guidelines in issuing debt.

2. **Definition of debt.** All obligations of the Town to repay, with or without interest, in installments and/or at a later date, some amount of money utilized for the purchase, construction, or operation of Town resources. This includes but is not limited to notes, bond issues, capital leases, and loans of any type, including loans from another internal fund.

3. **Approval of Debt.** Bond anticipation notes, capital outlay notes, all borrowing from internal funds, grant anticipation notes, and tax and revenue anticipation notes will be submitted to the State of Tennessee Comptroller's Office and the Town Council prior to issuance or entering into the obligation. A plan for refunding debt issues will also be submitted to the Comptroller's Office prior to issuance. Capital or equipment leases may be entered into by the Town Council; however, details on the lease agreement will be forwarded to the Comptroller's Office on the specified form within 45 days.

4. **Transparency.** (a) The Town shall comply with legal requirements for notice and for public meetings related to debt issuance.

(b) All notices shall be posted in the customary and required posting locations, including as required local newspapers, bulletin boards, and websites.

(c) All costs (including principal, interest, issuance, continuing, and one-time) shall be clearly presented and disclosed to the citizens, the Town governing board, and other stakeholders in a timely manner.

(d) The terms and life of each debt issue shall be clearly presented and disclosed to the citizens, the Town Council, and other stakeholders in a timely manner.

(e) A debt service schedule outlining the rate of retirement for the principal amount shall be clearly presented and disclosed to the citizens, the Town governing board, and other stakeholders in a timely manner.

5. **Role of Debt.** (a) Long-term debt shall not be used to finance current operations. Long-term debt may be used for capital purchases or construction identified through the capital improvement, regional development, transportation, or master process or plan. Short-term debt may be used for certain projects and equipment financing as well as for operational borrowing; however, the Town will minimize the use of short-term cash flow borrowings by maintaining adequate working capital and close budget management.

(b) In accordance with Generally Accepted Accounting Principles and state law,

1. The maturity of the underlying debt will not be more than the useful life of the assets purchased or built with the debt, not to exceed 30 years; however, an exception may be made with respect to federally sponsored loans, provided such an exception is consistent with law and accepted practices.

2. Debt issued for operating expenses must be repaid within the same fiscal year of issuance or incurrence.

6. **Types and Limits of Debt.** (a) The Town will seek to limit total outstanding debt obligations such that the annual cost of all debt retirement payments, including loan service fees, does not exceed 20% of annual General Fund revenues, excluding enterprise debt, and revenue debt.

(b) The limitation on total outstanding debt must be reviewed prior to the issuance of any new debt.

(c) The Town's/Town's total outstanding debt obligation will be monitored and reported to the governing board by the Finance Officer at such time as the annual budget is presented to the governing board and prior to the issuance of new debt by the Town. The Finance Officer shall monitor the maturities and terms and conditions of all obligations to ensure compliance. The

Finance Officer shall also report to the governing board any matter that adversely affects the credit or financial integrity of the Town.

(d) The Town is authorized to issue General Obligation bonds, Revenue bonds, TIFs, inter-fund and other short-term loans, anticipatory notes and other debt allowed by law. The Town has determined it currently will not issue private debt (debt from a private individual).

(e) The Town will seek to structure debt with level or declining debt service payments over the life of each individual bond issue or loan.

(f) As a rule, the Town will not backload, use "wrap-around" techniques, balloon payments or other exotic formats to pursue the financing of projects. When refunding opportunities, natural disasters, other non-general fund revenues, or other external factors occur, the Town may utilize non-level debt methods. However, the use of such methods must be thoroughly discussed in a public meeting and the governing body must determine such use is justified and in the best interest of the Town.

(g) The Town may use capital leases to finance short-term projects.

(h) Bonds backed with a general obligations pledge often have lower interest rates than revenue bonds. The Town may use its General Obligation pledge with revenue bond issues when the populations served by the revenue bond projects overlap or significantly are the same as the property tax base of the Town. The Town Council and management are committed to maintaining rates and fee structures of revenue supported debt at levels that will not require a subsidy from the Town's General Fund.

7. **Use of Variable Rate Debt.** (a) The Town recognizes the value of variable rate debt obligations and that cities have greatly benefitted from the use of variable rate debt in the financing of needed infrastructure and capital improvements.

(b) However, the Town also recognizes there are inherent risks associated with the use of variable rate debt and will implement steps to mitigate these risks; including:

1. The Town will annually include in its budget an interest rate assumption for any outstanding variable rate debt that takes market fluctuations affecting the rate of interest into consideration.

2. Prior to entering into any variable rate debt obligation that is backed by insurance and secured by a liquidity provider, the Town governing board shall be informed of the potential affect on rates as well as any additional costs that might be incurred should the insurance fail.

3. Prior to entering into any variable rate debt obligation that is backed by a letter of credit provider, the Town governing board shall be informed of the potential affect on

rates as well as any additional costs that might be incurred should the letter of credit fail.

4. Prior to entering into any variable rate debt obligation, the Town governing board will be informed of any terms, conditions, fees, or other costs associated with the prepayment of variable rate debt obligations.

5. The Town shall consult with persons familiar with the arbitrage rules to determine applicability, legal responsibility, and potential consequences associated with any variable rate debt obligation.

8. **Use of derivatives.** The Town chooses not to use derivative or other exotic financial structures in the management of the Town's debt portfolio. Prior to any reversal of this provision:

(a) A written management report outlining the potential benefits and consequences of utilizing these structures must be submitted to the Town governing board; and

(b) The Town governing board must adopt a specific amendment to this policy concerning the use of derivatives or interest rate agreements that complies with the State Funding Board Guidelines.

9. **Costs of Debt.** (a) All costs associated with the initial issuance or incurrence of debt, management and repayment of debt (including interest, principal, and fees or charges) shall be disclosed prior to action by the Town governing board in accordance with the notice requirements stated above.

(b) In cases of variable interest or non-specified costs, detailed explanation of the assumptions shall be provided along with the complete estimate of total costs anticipated to be incurred as part of the debt issue.

(c) Costs related to the repayment of debt, including liabilities for future years, shall be provided in context of the annual budgets from which such payments will be funded (i.e. General Obligations bonds in context of the General Fund, Revenue bonds in context of the dedicated revenue stream and related expenditures, loans and notes).

10. **Refinancing Outstanding Debt.** The Town will refund debt when it is in the best financial interest of the Town to do so, and the Chief Financial Officer shall have the responsibility to analyze outstanding bond issues for refunding opportunities. The decision to refinance must be explicitly approved by the governing body, and all plans for current or advance refunding of debt must be in

compliance with state laws and regulations. The Chief Financial Officer will consider the following issues when analyzing possible refunding opportunities:

(a) Onerous Restrictions – Debt may be refinanced to eliminate onerous or restrictive covenants contained in existing debt documents, or to take advantage of changing financial conditions or interest rates.

(b) Restructuring for Economic Purposes – The Town will refund debt when it is in the best financial interest of the Town to do so. Such refunding may include restructuring to meet unanticipated revenue expectations, achieve cost savings, mitigate irregular debt service payments, or to release reserve funds. Current refunding opportunities may be considered by the Chief Financial Officer if the refunding generates positive present value savings, and the Chief Financial Officer must establish a minimum present value savings threshold for any refinancing.

(c) Term of Refunding Issues – The Town will refund bonds within the term of the originally issued debt. However, the Chief Financial Officer may consider maturity extension, when necessary to achieve a desired outcome, provided such extension is legally permissible. The Chief Financial Officer may also consider shortening the term of the originally issued debt to realize greater savings. The remaining useful life of the financed facility and the concept of inter-generational equity should guide this decision.

(d) Escrow Structuring – The Town shall utilize the least costly securities available in structuring refunding escrows. Under no circumstances shall an underwriter, agent or financial advisor sell escrow securities to the Town from its own account.

(e) Arbitrage – The Town shall consult with persons familiar with the arbitrage rules to determine applicability, legal responsibility, and potential consequences associated with any refunding.

11. **Professional services.** (a) The Town shall require all professionals engaged in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by both the Town and the lender or conduit issuer, if any. This includes “soft” costs or compensations in lieu of direct payments.

(b) Counsel: The Town shall enter into an engagement letter agreement with each lawyer or law firm representing the Town in a debt transaction; except that no engagement letter is required for any lawyer who is an employee of the Town or lawyer or law firm which is under a general appointment or contract to serve as counsel to the Town. The Town does not need an engagement letter with counsel not representing the Town, such as underwriters’ counsel.

(c) Financial Advisor: Should the Town decide to retain a financial advisor, the Town shall enter into a written agreement with each person or firm serving as financial advisor for debt management and transactions. Whether in a competitive sale or negotiated sale, the financial advisor

shall not be permitted to bid on, privately place or underwrite an issue for which they are or have been providing advisory services for the issuance or broker any other debt transactions for the Town.


(d) Underwriter: If an underwriter is retained, the Town shall require the Underwriter to clearly identify itself in writing (e.g., in a response to a request for proposals or in promotional materials provided to an issuer) as an underwriter and not as a financial advisor from the earliest stages of its relationship with the Town with respect to that issue. The Underwriter must clarify its primary role as a purchaser of securities in an arm's-length commercial transaction and that it has financial and other interests that differ from those of the Entity. The Underwriter in a publicly offered, negotiated sale shall be required to provide pricing information both as to interest rates and to takedown per maturity to the Town governing board in advance of the pricing of the debt.

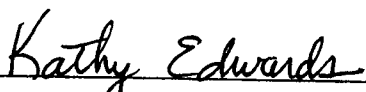
(e) Conflicts: Professionals involved in a debt transaction hired or compensated by the Town shall be required to disclose to the Town existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, liquidity or credit enhancement provider, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow the Town to appreciate the significance of the relationships. Professionals who become involved in the debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform are not subject to this disclosure. No disclosure is required that would violate any rule or regulation of professional conduct.

12. **Review of Policy.** This policy shall be reviewed at least annually by the Town governing board with the approval of the annual budget. Any amendments shall be considered and approved in the same process as the initial adoption of this Policy, with opportunity for public input.

13. **Compliance.** The Town Finance Officer is responsible for ensuring compliance with this policy.

PASSED AND APPROVED THIS 10 DAY OF December, 2011 BY A ROLL CALL VOTE OF THE Trezevant BOARD OF MAYOR AND ALDERMEN.


MAYOR

ATTEST: 
Town Recorder

Town of Trezevant
Resolution to Clarify and Update Capitalization of
Assets Policy

WHEREAS, the Town passed ordinance 031219 which to established new thresholds to govern when expenditures for assets will be capitalized in accordance with generally accepted accounting principles.

WHEREAS, the Town desires to amend its capitalization of assets policy to incorporate new provisions in addition to new thresholds which for asset expenditures which will require capitalization.

THEREFORE, the Town resolves to adopt the attached Town of Trezevant - Fixed Asset Capitalization Policy to establish consistent guidelines for the capitalization and depreciation of its fixed assets.

1st Reading 7-9-19

Bobby J Blaylock
Mayor

Kathy Edwards
City Recorder

TOWN OF TREZEVANT
FIXED ASSET CAPITALIZATION POLICY

Purpose

This policy is adopted to establish consistent guidelines for the capitalization and depreciation of fixed assets.

Capitalization Requirements

(1) Long term or fixed assets, including land, land improvements, buildings, building improvements, infrastructure, easements, construction work in progress, office furniture, office equipment, machinery, operating equipment and vehicles, will be capitalized and subject to depreciation when the asset has a useful life of more than two years and meets the following thresholds:

• Land and easements	\$ 500
• Buildings and building improvements	\$10,000
• Improvements other than buildings	\$ 5,000
• Equipment, furniture and vehicles	\$ 2,500
• Infrastructure	\$10,000
• Construction in Process	Tied to asset class

Assets which are not capitalized will be expensed in the year of acquisition.

(2) The capitalization threshold is applied to individual units of fixed assets. For example, ten desks purchased in a single order, each costing \$1,000, will not qualify for capitalization even though the total cost of the desk order of \$10,000 exceeds the threshold of \$2,500.

(3) For purposes of capitalization, the threshold will generally not be applied to components of fixed assets which form one working system such as computer systems, electronic and laboratory equipment and other similar working systems. The entire working system will be treated as a single fixed asset provided the entire system meets the \$2,500 threshold.

(4) Repairs to existing fixed assets will generally not be subject to capitalization. Repairs are generally recognized as expenditures which are necessary to keep an asset in its intended operational condition and which do not materially increase the value of the asset. If a repair extends the useful life of a capital asset by more than two years and costs \$2,500 or more, then the repair represents an improvement and should be capitalized.

Infrastructure Capital Assets

Infrastructure includes new construction, replacement due to expansion or new technology, replacement due to the end of normal life cycle, major repairs or refurbishment and assets contributed by developers, customers or other third parties to the Town.

- (1) **New Construction.** New construction normally begins as a Construction-In-Progress project and may take more than one fiscal year to complete. At the completion of the project, the total costs of the project may be broken down by the major groups of assets by operating system. Under each system, the component unit of the assets is listed based on the nature of the component and the length of the estimated useful life.
- (2) **Replacement Due to Expansion or New Technology.** Replacement occurs when an old systems or equipment is replaced because the Town is either expanding its facilities to increase capacity or new technology and equipment has become available on the market which is more cost efficient than existing systems or equipment being used. In this situation, the old systems or equipment are replaced when they still have a remaining useful life and economic value. When each individual item or component unit meets the threshold requirements in Section 1 and has a useful life of more than two years, the individual item or component unit should be capitalized. Because the retired equipment or systems still have a positive net book value, the Town will calculate and record the appropriate loss on disposition.
- (3) **Replacement Due to the End of Life Cycle.** Replacement can occur as a result of normal scheduled maintenance. The component units can be purchased at the same time, but be installed simultaneously or within a planned short period time. In this situation, the old systems or equipment are replaced when they have no useful life or economic value. When the aggregate total cost of the component units meets the threshold requirements in Section 1 and have a useful life of more than two years, the component units should be capitalized. The estimated portion of the original asset that was replaced will be removed from the asset records of the Town.
- (4) **Repairs or Refurbishments.** The Town's existing infrastructure and other capital assets require regular repair and maintenance. Repair or refurbishment expenses to existing capital assets may be capitalized under certain circumstances. The criteria for determining whether the expenditure is an expense or capital asset requires knowledge of the effect the repair will have on the capital asset. To be considered as a capital asset, these conditions must be met: (a) the total repair or refurbishment cost of one job must meet the threshold requirements in Section 1, and; (b) after the repair or refurbishment, the remaining useful life of the existing asset must be extended by at least two years. When the above conditions are not met, the cost of repair or refurbishment will be considered as an operations and maintenance expense.
- (5) **Contributed Assets.** The Town may require a developer or customer to build or finance the building of utility system improvements as condition for receiving utility service. Upon the

completion of the utility system improvements, the developer or customer contributes the improvements to the Town, and the Town accepts ownership of the contributed improvements. In this situation, the utility system improvements are recorded as a capital asset at the time of acceptance by the Town. The total costs of the utility system improvements must be broken down by operating system, and the major component units are to be listed under the operating systems depending on the nature and the length of the estimated useful life.

Determination of Cost

- (1) Capital assets will be reported at historical cost. Cost will include all necessary expenditures to acquire the asset and place the asset into service, including ancillary costs.
- (2) Ancillary costs for infrastructure, buildings and improvements include professional fees of engineers, architects, attorneys, appraisers, financial advisors and other similar professionals; insurance premiums; costs incurred to obtain financing for the project; and other related costs incurred during construction necessary to place the asset into service.
- (3) Ancillary costs for equipment and vehicles include transportation charges, installation costs, licensing fees, and any other normal and necessary expenditures required to place the asset into its intended state of operation.
- (4) Ancillary costs for land include legal and title fees, appraisal and negotiation fees, damage payments, site preparation costs and demolition costs of unwanted structures.
- (5) Contributed capital assets will be recorded at their estimated fair market value on the date the contributed asset was accepted by the Town.
- (6) Self-constructed assets will be recorded based upon all direct costs (including labor) associated with the construction project.

Depreciation

- (1) With the exception of land and easements, all capital assets will be depreciated using the straight-line method over the useful life of the asset.
- (2) Regardless of the month the capital asset is placed in service, a full year of depreciation will be recorded in the first year. Once the asset has been fully depreciated, the asset will be kept on the books until its disposal.

(3) The useful life of a capital asset for depreciation will be determined as follows:

<u>Asset Account</u>	<u>Years</u>
Water Lines and Storage	40-50
Wastewater (sewer) system	40-50
Buildings (Office and Plant)	30-50
Well / Dam	Engineer's Estimate
Pumps and Treatment Equipment	15-20
Equipment and Tools	10-15
Machinery, Construction Equipment and Construction Vehicles	5-15
Transportation Equipment	5-10
Furniture and Fixtures	5-10
Information Systems	3-6

Fixed Assets Tagging and Inventory

Upon acquisition, all fixed assets other than infrastructure, buildings, land and land improvements will be assigned a serially numbered Town tag which will be affixed to the asset. The Town will conduct an annual physical inventory of tagged fixed assets. The inventory should identify assets which are missing or were sold, traded in, discarded or disposed of since the last annual physical inventory.

Sewer Fund, Town of Trezevant
Profit & Loss Budget vs. Actual
 June through August 2020

	Jun - Aug 20	Budget	\$ Over Budget
Income			
Non-Operating Revenues			
210307 · TDOT Engineering Income	0.00	0.00	0.00
210340 · Nonrefundable Customer Deposit	0.00	0.00	0.00
210551 · Interest Expense - Notes	0.00	0.00	0.00
Total Non-Operating Revenues	0.00	0.00	0.00
Operating Revenues			
210304 · Fire Plug Revenue	0.00	0.00	0.00
210345 · Bad Check Fee	0.00	0.00	0.00
Total Operating Revenues	0.00	0.00	0.00
260300 · Water Department Revenue			
260301 · Water Sales	0.00	0.00	0.00
Total 260300 · Water Department Revenue	0.00	0.00	0.00
270300 · Sewer Department			
270302 · Penalties	752.80	636.33	116.47
270310 · Sewer Service Charges	30,482.02	31,255.00	(772.98)
Total 270300 · Sewer Department	31,234.82	31,891.33	(656.51)
Total Income	31,234.82	31,891.33	(656.51)
Gross Profit	31,234.82	31,891.33	(656.51)
Expense			
260500 · Operating Expenses			
260524 · Office Supplies and Materials	50.00		
Total 260500 · Operating Expenses	50.00		
270500 · Sewer Department Expense			
270501 · Salaries	9,655.33	9,828.91	(173.58)
270505 · Testing	0.00	83.33	(83.33)
270506 · Employee Insurance	599.28	1,042.82	(443.54)
270511 · Utilities	3,996.92	4,541.66	(544.74)
270512 · Telephone	144.39	63.91	80.48
270513 · Repairs & Maintenance Plant			
270513D · Sewer Plant	0.00	625.03	(625.03)
270513E · Lift Stations	4,889.06	833.36	4,055.70
270513K · Sewer Lines	1,401.75	750.03	651.72
270513L · Road Repairs	0.00	50.03	(50.03)
270513M · Gravel	0.00	50.03	(50.03)
Total 270513 · Repairs & Maintenance Plant	6,290.81	2,308.48	3,982.33
270514 · Payroll Taxes	718.31	835.56	(117.25)
270515 · State Unemployment Tax Expenses	0.00	83.65	(83.65)
270517 · Repairs & Maintenance - Equip			
270517A · Lab Equipment Calibration	0.00	133.40	(133.40)
270517C · Truck Repair	0.00	125.06	(125.06)
Total 270517 · Repairs & Maintenance - Equip	0.00	258.46	(258.46)
270519 · License and Permits	1,000.00	395.83	604.17
270520 · Postage	199.33	204.23	(4.90)
270521 · Professional Services	18.75	354.16	(335.41)
270522 · Accounting and Auditing	0.00	362.53	(362.53)
270524 · Office Supplies and Materials	66.15	37.50	28.65
270525 · Advertising	0.00	141.70	(141.70)
270526 · Travel	0.00	158.33	(158.33)
270527 · Insurance	1,025.00	968.16	56.84
270530 · Memberships, Registration Fees	0.00	104.23	(104.23)
270531 · Gas and Oil	189.12	202.00	(12.88)
270535 · Depreciation	7,650.00	8,100.08	(450.08)
270540 · Maintenance Supplies	0.00	0.00	0.00

8:20 AM
09/13/20
Accrual Basis

Sewer Fund, Town of Trezevant
Profit & Loss Budget vs. Actual
June through August 2020

	<u>Jun - Aug 20</u>	<u>Budget</u>	<u>\$ Over Budget</u>
270541 · Operating Supplies			
270541B · Sewer	0.00	416.73	(416.73)
Total 270541 · Operating Supplies	0.00	416.73	(416.73)
270542 · Chemicals	127.00	431.16	(304.16)
270553 · Bank Charges	0.00	15.00	(15.00)
270555 · School/Training	0.00	12.50	(12.50)
270560 · Capital Outlay	6,091.76	11,925.33	(5,833.57)
270500 · Sewer Department Expense - Other	0.00	0.00	0.00
Total 270500 · Sewer Department Expense	37,772.15	42,876.25	(5,104.10)
Total Expense	37,822.15	42,876.25	(5,054.10)
Net Income	<u>(6,587.33)</u>	<u>(10,984.92)</u>	<u>4,397.59</u>

MAYOR
Bobby Blaylock
VICE MAYOR
Pam Joyner
RECORDER
Kathy Edwards

5560 North Broad St
PO Box 100
Trezevant, TN 38258

Phone: (731) 669-4831
Fax: (731) 669-3249

ALDERMAN
Eddie Granger
Ricky Browning
Mark Argo
Christy Creyssels

TOWN OF TREZEVANT

Plan to end Water & Sewer Distressed Position

1. Raising rates \$.50 a year this year and checking our net position at the end of the fiscal year 2021.
2. Our town was paying two license holders to run our water and sewer departments while our water / sewer employee obtains his required licenses. We were able to cut one of them from the payroll in our current budget, which removed \$15,860 from our payroll. Once our water / sewer employee obtains all his required licenses we will be able to cut the other license holder from our payroll which will save the town an additional \$40,040 in payroll yearly.
3. We have an operator training and as he obtains each new license the person who has licenses who is over seeing the system will lower the fee we pay him.
4. Our town is working on a plan to rehab the system to bring in modern equipment that we feel will help the system run more efficiently thus saving the system money in the future. We will finance this upgrade through fund balance, grants, and loans.
5. Our town is going to start replacing water meters every 5-7 years to prevent the low reading of water flow by older meters. This will be done by breaking the number of meters down by 5 and replacing that number of meters every year.

Mayor and Aldermen

Bobby Blaylock — Mayor

P O Box 307

Trezevant, TN 38258

731-358-7990

Elected — Nov. 2018

Training completed

Pam Joyner — Vice Mayor

P O Box 204

Trezevant, TN 38258

731-225-0661

Elected — Nov. 2018

Training completed

Christy Creyssels - Alderman

5740 E Main St.

Trezevant, TN 38258

731-571-2218

Appointed — Feb. 2020

Training completed

Eddie Granger — Alderman

P O Box F

Trezevant, TN 38258

731-431-5709

Elected — Nov. 2018

Training Completed

Mark Argo — Alderman

P O Box 178

Trezevant, TN 38258

Appointed — Feb. 2020

Training not completed

Leon Lyell – Alderman

311 Park Street

Trezevant, Tn. 38258

Appointed – August 2020

Training not completed

MAYOR
Bobby Blaylock
VICE MAYOR
Pam Joyner
RECORDER
Kathy Edwards

5560 North Broad St
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ALDERMAN
Christy Creyssels
Mark Argo
Eddie Granger

TOWN OF TREZEVANT

TREZEVANT WATER DEPARTMENT

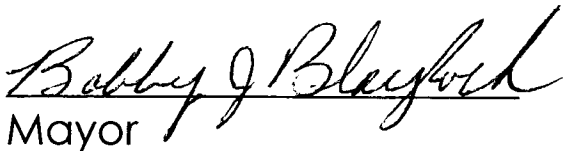
WATER LEAK ADJUSTMENT POLICY

The intent of this policy is to identify the procedures for adjusting water bills in the event of a water leak in the Town of Trezevant.

The procedure is as follows:

In the event of a water leak at a residence, the current bill will be averaged with the prior two (2) months bills for a total bill.

In the event of a 2nd leak in the same calendar year, the customer must come before the Board of Mayor and Aldermen and ask for another adjustment.


Mayor


Town Recorder

Town of Trezevant
Resolution to Clarify and Update Capitalization of
Assets Policy

WHEREAS, the Town passed ordinance 031219 which to established new thresholds to govern when expenditures for assets will be capitalized in accordance with generally accepted accounting principles.

WHEREAS, the Town desires to amend its capitalization of assets policy to incorporate new provisions in addition to new thresholds which for asset expenditures which will require capitalization.

THEREFORE, the Town resolves to adopt the attached Town of Trezevant - Fixed Asset Capitalization Policy to establish consistent guidelines for the capitalization and depreciation of its fixed assets.

1st Reading 7-9-19

Bobby J. Blaylock
Mayor

Kathy Edwards
City Recorder

TOWN OF TREZEVANT
FIXED ASSET CAPITALIZATION POLICY

Purpose

This policy is adopted to establish consistent guidelines for the capitalization and depreciation of fixed assets.

Capitalization Requirements

(1) Long term or fixed assets, including land, land improvements, buildings, building improvements, infrastructure, easements, construction work in progress, office furniture, office equipment, machinery, operating equipment and vehicles, will be capitalized and subject to depreciation when the asset has a useful life of more than two years and meets the following thresholds:

- | | |
|---------------------------------------|---------------------|
| • Land and easements | \$ 500 |
| • Buildings and building improvements | \$10,000 |
| • Improvements other than buildings | \$ 5,000 |
| • Equipment, furniture and vehicles | \$ 2,500 |
| • Infrastructure | \$10,000 |
| • Construction in Process | Tied to asset class |

Assets which are not capitalized will be expensed in the year of acquisition.

(2) The capitalization threshold is applied to individual units of fixed assets. For example, ten desks purchased in a single order, each costing \$1,000, will not qualify for capitalization even though the total cost of the desk order of \$10,000 exceeds the threshold of \$2,500.

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Infrastructure Capital Assets

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- (1) **New Construction.** New construction normally begins as a Construction-In-Progress project and may take more than one fiscal year to complete. At the completion of the project, the total costs of the project may be broken down by the major groups of assets by operating system. Under each system, the component unit of the assets is listed based on the nature of the component and the length of the estimated useful life.
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- (5) **Contributed Assets.** The Town may require a developer or customer to build or finance the building of utility system improvements as condition for receiving utility service. Upon the

completion of the utility system improvements, the developer or customer contributes the improvements to the Town, and the Town accepts ownership of the contributed improvements. In this situation, the utility system improvements are recorded as a capital asset at the time of acceptance by the Town. The total costs of the utility system improvements must be broken down by operating system, and the major component units are to be listed under the operating systems depending on the nature and the length of the estimated useful life.

Determination of Cost

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- (3) Ancillary costs for equipment and vehicles include transportation charges, installation costs, licensing fees, and any other normal and necessary expenditures required to place the asset into its intended state of operation.
- (4) Ancillary costs for land include legal and title fees, appraisal and negotiation fees, damage payments, site preparation costs and demolition costs of unwanted structures.
- (5) Contributed capital assets will be recorded at their estimated fair market value on the date the contributed asset was accepted by the Town.
- (6) Self-constructed assets will be recorded based upon all direct costs (including labor) associated with the construction project.

Depreciation

- (1) With the exception of land and easements, all capital assets will be depreciated using the straight-line method over the useful life of the asset.
- (2) Regardless of the month the capital asset is placed in service, a full year of depreciation will be recorded in the first year. Once the asset has been fully depreciated, the asset will be kept on the books until its disposal.

(3) The useful life of a capital asset for depreciation will be determined as follows:

<u>Asset Account</u>	<u>Years</u>
Water Lines and Storage	40-50
Wastewater (sewer) system	40-50
Buildings (Office and Plant)	30-50
Well / Dam	Engineer's Estimate
Pumps and Treatment Equipment	15-20
Equipment and Tools	10-15
Machinery, Construction Equipment and Construction Vehicles	5-15
Transportation Equipment	5-10
Furniture and Fixtures	5-10
Information Systems	3-6

Fixed Assets Tagging and Inventory

Upon acquisition, all fixed assets other than infrastructure, buildings, land and land improvements will be assigned a serially numbered Town tag which will be affixed to the asset. The Town will conduct an annual physical inventory of tagged fixed assets. The inventory should identify assets which are missing or were sold, traded in, discarded or disposed of since the last annual physical inventory.

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TOWN OF TREZEVANT

Response to WWFB Questionnaire Section B Water Utility Information

4. A. We have the fees to offset the cost of connecting new homes to water system, offset the cost of changing the registered user of the water, and to offset cost of having to send employee out to turn water on and off when bills are not paid
23. No, we recently tried to get the board to raise connection fees and reconnection fees but they declined to do so.

MAYOR
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VICE MAYOR
Pam Joyner
RECORDER
Kathy Edwards

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ALDERMAN
Eddie Granger
Ricky Browning
Mark Argo
Christy Creyssels

TOWN OF TREZEVANT

Section B **Wastewater Utility Information**

4. C. We have the fees to offset the cost of connecting new homes to sewer system, offset the cost of changing the registered user of the water, and to offset cost of having to send employee out to turn water on and off when bills are not paid

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TOWN OF TREZEVANT

Cost to Treat 1,000 Gallons of Water

Total cost(see following sheets): \$101,130

Gallons produced: 62,945,000

62,945,000 divided by 1000 = 62,945

\$101,130 divided by 62,945 = \$1.60 per 1000 gallons

Sewer Fund, Town of Trezevant
Profit & Loss Budget vs. Actual
July 2019 through June 2020

	Jul '19 - Jun 20	Budget	\$ Over Budget
Income			
Non-Operating Revenues			
210307 · TDOT Engineering Income	0.00	0.00	0.00
210340 · Nonrefundable Customer Deposit	0.00	0.00	0.00
210551 · Interest Expense - Notes	0.00	0.00	0.00
Total Non-Operating Revenues	0.00	0.00	0.00
Operating Revenues			
210304 · Fire Plug Revenue	0.00	0.00	0.00
210345 · Bad Check Fee	0.00	0.00	0.00
Total Operating Revenues	0.00	0.00	0.00
260300 · Water Department Revenue			
260301 · Water Sales	0.00	0.00	0.00
Total 260300 · Water Department Revenue	0.00	0.00	0.00
270300 · Sewer Department			
270302 · Penalties	2,426.13	2,650.00	(223.87)
270310 · Sewer Service Charges	122,265.26	127,002.00	(4,736.74)
Total 270300 · Sewer Department	124,691.39	129,652.00	(4,960.61)
Total Income	124,691.39	129,652.00	(4,960.61)
Gross Profit	124,691.39	129,652.00	(4,960.61)
Expense			
260500 · Operating Expenses			
210550 · Interest Expense - Bonds	0.00	0.00	0.00
Total 260500 · Operating Expenses	0.00	0.00	0.00
270500 · Sewer Department Expense			
270501 · Salaries	43,098.40	41,957.00	1,141.40
270505 · Testing	531.00	850.00	(319.00)
270506 · Employee Insurance	1,366.59	1,900.00	(533.41)
270511 · Utilities	19,944.48	18,000.00	1,944.48
270512 · Telephone	319.15	215.00	104.15
270513 · Repairs & Maintenance Plant			
270513D · Sewer Plant	12,416.60	2,300.00	10,116.60
270513E · Lift Stations	14,393.87	4,500.00	9,893.87
270513K · Sewer Lines	2,730.37	3,600.00	(869.63)
270513L · Road Repairs	277.50	100.00	177.50
270513M · Gravel	0.00	100.00	(100.00)
Total 270513 · Repairs & Maintenance Plant	29,818.34	10,600.00	19,218.34
270514 · Payroll Taxes	3,253.04	3,566.00	(312.96)
270515 · State Unemployment Tax Expenses	144.09	357.00	(212.91)
270517 · Repairs & Maintenance - Equip			
270517A · Lab Equipment Calibration	800.00	600.00	200.00
270517C · Truck Repair	39.73	500.00	(460.27)
Total 270517 · Repairs & Maintenance - Equip	839.73	1,100.00	(260.27)
270519 · License and Permits	937.50	1,500.00	(562.50)
270520 · Postage	802.23	850.00	(47.77)
270521 · Professional Services	1,805.00	1,250.00	555.00
270522 · Accounting and Auditing	1,960.00	1,450.00	510.00
270524 · Office Supplies and Materials	216.89	150.00	66.89
270525 · Advertising	236.76	300.00	(63.24)
270526 · Travel	0.00	400.00	(400.00)
270527 · Insurance	3,924.00	3,986.00	(62.00)
270530 · Memberships, Registration Fees	910.00	250.00	660.00
270531 · Gas and Oil	894.21	570.00	324.21
270535 · Depreciation	30,600.00	36,001.00	(5,401.00)
270540 · Maintenance Supplies	0.00	0.00	0.00

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09/11/20

Accrual Basis

Sewer Fund, Town of Trezevant
Profit & Loss Budget vs. Actual
July 2019 through June 2020

	<u>Jul '19 - Jun 20</u>	<u>Budget</u>	<u>\$ Over Budget</u>
270541 · Operating Supplies			
270541B · Sewer	1,866.72	900.00	966.72
Total 270541 · Operating Supplies	1,866.72	900.00	966.72
270542 · Chemicals	882.05	1,474.00	(591.95)
270553 · Bank Charges	40.00	60.00	(20.00)
270555 · School/Training	190.00	150.00	40.00
270560 · Capital Outlay	1,075.00	70,000.00	(68,925.00)
270500 · Sewer Department Expense - Other	0.00	0.00	0.00
Total 270500 · Sewer Department Expense	145,655.18	197,836.00	(52,180.82)
Total Expense	145,655.18	197,836.00	(52,180.82)
Net Income	<u>(20,963.79)</u>	<u>(68,184.00)</u>	<u>47,220.21</u>

CHAPTER 2

SEWERS

SECTION

- 18-201. Use of system regulated.
- 18-202. Permit and supervision required for connecting to system.
- 18-203. Connection fee.
- 18-204. Installation of lateral lines, etc.
- 18-205. Sewer service charges.
- 18-206. Extension policies.

18-201. Use of system regulated. All persons using, desiring, or required to use, the public sanitary sewer system shall comply with the provisions of this chapter and with such written rules and regulations as may be prescribed by the superintendent of the sewer system when such rules and regulations have been approved by the governing body of the municipality. (1965 Code, § 13-201)

18-202. Permit and supervision required for connecting to system. No premises shall be connected to the public sanitary sewer system without a permit from the city recorder. Also all connections to the system must be made under the direct supervision of the superintendent of the sewer system or someone designated by him. (1965 Code, § 13-202)

18-203. Connection fee. No permit to connect to the public sanitary sewer system shall be granted unless the applicant first pays to the city recorder a non-refundable sewer connection fee in the sum of three hundred twenty-five dollars (\$325.00). (1965 Code, § 13-203, modified)

18-204. Installation of lateral lines, etc. When connections to the public sanitary sewer system are required and/or permitted the municipality shall be responsible for installing all the necessary lateral lines and facilities from the sewer main to the property line unless there is a written contract between the governing body of the municipality and the property owner to the contrary. All necessary installations within the property lines shall be made by the owner. (1965 Code, § 13-204)

18-205. Sewer service charges. Sewer service charges shall be collected from the person billed for water service to any premises with an accessible sanitary sewer. The sewer service charge shall be 100% of the water service charge and shall be added to and combined with the water service charge. Both charges shall be collected as a unit; no municipal employee shall accept payment

of water service charges from any customer without receiving at the same time payment of all sewer service charges owned by such customer. Water service may be discontinued for non-payment of the combined bill. (1965 Code, § 13-205, modified)

18-206. Extension policies. Insofar as practicable, the various policies set forth in the preceding chapter with respect to extending water service facilities shall also apply to extending sewer service facilities shall also apply to extending sewer service facilities except that where, in such provisions, a six inch cement-lined cast iron pipe is specified for water purposes, an eight inch pipe of salt glazed vitrified clay or other construction approved by the governing body shall be substituted for sewer purposes. (1965 Code, § 13-206)

CHAPTER 3

SEWAGE

SECTION

- 18-301. When sanitary sewage disposal facilities are required.
18-302. Responsibility for installation and maintenance of facilities.
18-303. When a connection to the sanitary sewer is required.
18-304. When a septic tank is required.
18-305. When a septic tank or sanitary pit privy is required.
18-306. Use of other than prescribed facilities.

18-301. When sanitary sewage disposal facilities are required. Any building or structure wherein people live, are employed, or congregate must be equipped with such sanitary facilities for sewage disposal as are prescribed by this chapter. (1965 Code, § 8-201)

18-302. Responsibility for installation and maintenance of facilities. The owner of any property required by this chapter to have sanitary facilities for sewage disposal shall be responsible for the proper installation of such facilities. The occupant or person having immediate use and control of such property shall be responsible for maintaining the facilities in a sanitary and usable condition unless by contractual arrangement between the parties the owner expressly agrees to retain such responsibility. (1965 Code, § 8-202)

18-303. When a connection to the sanitary sewer is required. Any building or structure within the meaning of § 18-301 and located on land which abuts upon a street or other public way containing a sanitary sewer must be equipped with sanitary sewage disposal facilities connected to such sanitary sewer. (1965 Code, § 8-203)

18-304. When a septic tank is required. Other such buildings and structures within the fire limits¹ but not located on land abutting on a street or other public way containing a sanitary sewer must be equipped with sanitary sewage disposal facilities connected to a septic tank approved by the health officer. (1965 Code, § 8-204)

18-305. When a septic tank or a sanitary pit privy is required. All other such buildings and structures located outside the fire limits but not on land

¹Municipal code reference
Fire limits described: § 7-101.

abutting on a street or other public way containing a sanitary sewer must be equipped with sanitary sewage disposal facilities connected to a septic tank approved by the health officer unless he expressly authorizes and approves a sanitary pit privy. (1965 Code, § 8-205)

18-306. Use of other than prescribed facilities. Where this chapter requires a particular type of sewage disposal facility the use of any other type, or disposal by any other means, is hereby expressly prohibited unless approved by the health officer. The health officer is authorized to approve exceptions to the provisions of this chapter only when the lot size, soil composition, lay of the land, or other unusual circumstances makes the installation and use of the prescribed facilities unfeasible. Neither shall the health officer approve any installations under §§ 18-304 or 18-305 unless conditions favor such installations as adequate for protection of the public health. (1965 Code, § 8-206)

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Section B **Wastewater Utility Information**

4. C. We have the fees to offset the cost of connecting new homes to sewer system, offset the cost of changing the registered user of the water, and to offset cost of having to send employee out to turn water on and off when bills are not paid



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Entity Referred: **City of Wartburg**
Referral Reason: **Negative Change in Net Position**
Utility Type Referred: **Sewer**

Staff Summary:

The City was referred to the Board for financial distress on March 29, 2019. On December 4, 2019, the Board ordered the City to comply with the order found in the accompanying pages.

The City has since complied with all directives of the Board order.

Staff Recommendation

Order the City to comply with the following:

1. The City shall send financial updates to Board staff by March 1st and September 1st of each year, beginning March 1, 2021, until the Board releases the Town from its oversight.

Annual Information Report

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Questions

Responses

Utility Annual Information Report

Section 1

Basic Utility Information

If you have any questions regarding this questionnaire, please feel free to contact us at 615-747-5260 or utilities@cot.tn.gov (mailto:utilities@cot.tn.gov).

1. Please Enter Your Utility ID Code Provided to You *

2. Legal Name of Utility *

3. Office Location- Address Line 1 *

4. Office Location- Address Line 2 *

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Questions

Responses

4. Office Location- Address Line 2 *

Enter your answer

5. Office Location- City, State *

Enter your answer

6. Office Location- Zip Code *

Enter your answer

7. Current Fiscal Year End Date *

Please input date in format of M/d/yyyy 

Section 2



Contact Information for Utility

Please enter information for the utility and the individual responsible for communication for the utility.

8. Contact Person- First Name

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Questions

Responses

Contact Information for Utility

Please enter information for the utility and the individual responsible for communication for the utility.

8. Contact Person- First Name

9. Contact Person- Last Name

10. Utility Email Address

11. Utility Mailing Address- Line 1

12. Utility Mailing Address- Line 2

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Questions

Responses

Enter your answer

13. Utility Mailing Address- City, State

Enter your answer

14. Utility Mailing Address- Zip Code

Enter your answer

Section 3

...

Utility Service and Customer Count

15. Which Tennessee county has your largest amount of customers? *

Enter your answer

16. How many counties does your utility serve? *

Only 1

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Questions

Responses

- 2
- 3
- 4
- 5
- 6 or More

17. Does your utility offer water service? *

- Yes
- No

18. Water Customer Count *

19. Does your utility offer wastewater service? *

- Yes
- No

20. Wastewater Customer Count *

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Questions

Responses

20. Wastewater Customer Count *

21. Does your utility offer gas service? *

- Yes
- No

22. Gas Customer Count *

Section 4

...

Utility Governance and Training Compliance

23. How is your utility governed? *

- City Council
- Appointed Board by Local Government
- Utility District Board

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Questions

Responses

Utility Governance and Training Compliance

23. How is your utility governed? *

- City Council
- Appointed Board by Local Government
- Utility District Board
- Authority
- County Commission

24. Is your governing body in compliance with the training requirements pursuant to Tenn. Code Ann. § 7-82-308(f) for Utility Districts? *

- Yes
- No
- Unsure

25. Is your governing body in compliance with the training requirements pursuant to Tenn. Code Ann. §§ 7-82-308(f), 68-221-605(f), & 68-221-1305(f) for Authorities? *

- Yes
- No
- Unsure

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Questions

Responses

County Commission

24. Is your governing body in compliance with the training requirements pursuant to Tenn. Code Ann. § 7-82-308(f) for Utility Districts? *

Yes

No

Unsure

25. Is your governing body in compliance with the training requirements pursuant to Tenn. Code Ann. §§ 7-82-308(f), 68-221-605(f), & 68-221-1305(f) for Authorities? *

Yes

No

Unsure

26. Is your governing body in compliance with the training requirements pursuant to Tenn. Code Ann. § 7-34-115(j) for Municipal and County systems? *

Yes

No

Unsure

+ Add new

Board Discussion

2021 Meeting Dates



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

2021 Meeting Dates

April 29, 2021

September 16, 2021

December 9, 2021