



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**AGENDA**  
**Water and Wastewater Financing**  
**Board**

November 15, 2018  
10:00 am

**I. Call to Order**

**II. Staff Update**

**III. Approval of Minutes**

**IV. Financial**

**Ann Butterworth**

**John Greer**

**March 29, 2018**

- a. Alamo – Update no staff recommendation pg. 17
- b. Alexandria – Staff recommendation pg. 23
- c. Allardt – Staff recommendation pg. 37
- d. Atwood – Staff recommendation pg. 56
- e. Bethel Springs – Staff recommendation pg. 70
- f. Blaine – Staff recommendation pg. 74
- g. Celina – Staff recommendation pg. 95
- h. Cheatham County Wastewater Treatment Authority – Staff recommendation pg. 112
- i. Coffee County Water and Wastewater Authority – Update no staff recommendation pg. 126
- j. Copperhill – Staff recommendation pg. 134
- k. Dyer – Staff recommendation pg. 149
- l. Elkton – Staff recommendation pg. 161
- m. Gainesboro – Update no staff recommendation pg. 168
- n. Graysville – Update no staff recommendation pg. 171
- o. Greenfield – Staff recommendation pg. 176
- p. Grundy County Wastewater – Staff recommendation pg. 180
- q. Humphrey’s County Update no staff recommendation pg. 184
- r. Huntingdon – Staff recommendation pg. 188
- s. Kenton – Staff recommendation pg. 203
- t. LaGrange – Staff recommendation pg. 207
- u. Luttrell – Staff recommendation pg. 225
- v. Maury City – Update no staff recommendation pg. 235
- w. McLemoresville – Staff recommendation pg. 240
- x. Metro Moore/Lynchburg Water and Sewer – Staff recommendation pg. 258
- y. Metro Nashville – Update no staff recommendation pg. 299
- z. Michie – Staff recommendation pg. 304
- aa. Mitchellville – Staff recommendation pg. 332
- bb. Mountain City – Staff recommendation pg. 341
- cc. Munford – Staff recommendation pg. 349
- dd. Niota – Update no staff recommendation pg. 358
- ee. Oakdale – Staff recommendation pg. 363
- ff. Obion – Staff recommendation pg. 373
- gg. Oneida – Staff recommendation pg. 377
- hh. Pikeville – Staff recommendation pg. 382
- ii. Roane County Public – Staff recommendation pg. 387
- jj. Rocky Top – Update no staff recommendation pg. 397
- kk. Sneedville – Staff recommendation pg. 399
- ll. Spencer – Staff recommendation pg. 407
- mm. Stanton – Update no staff recommendation pg. 410

- nn. Tracy City – Update no staff recommendation pg. 414
- oo. Tusculum – Staff recommendation pg. 417
- pp. Woodland Mills – Staff recommendation pg. 424

**IX. Miscellaneous:**

- a. Update Discussion pg. 429
- b. 2019 WWFB Meeting Schedule pg. 431
- c. Next WWFB regular meeting pg. 432
- d. Member Discussion pg. 433

Visitors to the Cordell Hull Building are required to pass through a metal detector and must present photo identification. Individuals with disabilities who wish to participate in this meeting or to review filings should contact the Office of Administration, Comptroller of the Treasury, to discuss any auxiliary aids or services need to facilitate such participation. Such contact may be in person or by writing, telephone or other means, and should be made prior to the scheduled meeting date to allow time to provide such aid or service. Contact the Office of the Comptroller (John Greer) for further information.

Telephone (615) 747-5260  
[Utilities@cot.tn.gov](mailto:Utilities@cot.tn.gov)

# **Staff update**

# **Approval of Minutes**

**MINUTES**  
**of the**  
**WATER and WASTEWATER FINANCING BOARD MEETING**  
**March 29, 2018**  
**10:00 am**

Chair Ann Butterworth detected a quorum and called to order the meeting of the Water and Wastewater Financing Board (Board) in the Volunteer Conference Center in the Cordell Hull Building in Nashville, TN.

**Board members present and constituting a quorum:**

Ann Butterworth, Chair, Comptroller Designee  
Tom Moss, Department of Environment and Conservation (TDEC), Commissioner Designee  
Randy Wilkins, Representing Utility Districts  
Kenneth Wiggins, Active Employee of a Municipal Water System  
Drexel Heidel, Active Employee of a Water Utility District  
Tamika Parker, Representing Environmental Interests  
Eugene Hampton, Representing Government Finance

**Members Absent:**

Rick Graham, Representing Municipalities  
VACANT, Representing Manufacturing Interests

**Staff Present:**

John Greer, Comptroller's Office  
Lauren Cecil, Comptroller's Office

**Counsel Present:**

Christin Lotz, Comptroller's Office

**Approval of Minutes:**

Ms. Butterworth presented the minutes for approval with the addition of the names of the representatives from Carthage. Mr. Moss moved to approve the minutes of September 8, 2016, with such addition. Ms. Parker seconded the motion, which passed unanimously.

**Updates:**

John Greer updated the Board on Comptroller's free training for utilities around Tennessee.

**FINANCIAL DISTRESS**

**Town of Alamo**

The Board heard financial updates from Mr. Greer. On May 11, 2017, the Board ordered the following:

- 1. The Town shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study;**
- 2. The Town shall adopt the proposed policies submitted by the Town to the Board; and**
- 3. The Town shall provide an update to Board staff with the completed rate study and the Town's proposed plan of action by August 24, 2017.**

Alamo has completed each point of the order. Staff recommended the Board order the following:

- 1. The Town shall send financial updates to Board staff by March 1st and September 1st annually starting September 1, 2018, until released from Board oversight.**

Mr. Wiggins motioned to implement the staff recommendations, and Mr. Heidel seconded it. The motion passed unanimously.

#### **City of Allardt**

The Board heard updates from Mr. Greer. Staff recommended the Board order the following:

- 1. The City shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:**
  - a. Creation of a debt management policy;**
  - b. Creation of a capitalization policy;**
  - c. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs); and**
  - d. A review of the leak adjustment policy.**
- 2. The City shall provide an update to Board staff with the completed rate study, policy recommendations, a five-year capital asset budget and an implemented or proposed plan of action by August 31, 2018.**

Mr. Moss motioned to approve staff recommendation, and Mr. Wiggins seconded it. The motion passed unanimously.

#### **Town of Atwood**

The Board heard updates from Mr. Greer. Staff recommended the Board order the following:

- 1. The Town shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:**
  - a. A review of the Town's capitalization policy;**
  - b. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs); and**
  - c. A review of the leak adjustment policy.**
- 2. The Town shall provide an update to Board staff with the completed rate study, policy recommendations, five-year capital asset budget and an implemented or proposed plan of action by August 31, 2018.**

Mr. Wiggins motioned to approve staff recommendation, and Ms. Parker seconded it. The motion passed unanimously.

#### **Town of Celina**

The Board heard updates from Mr. Greer. Staff recommended the Board order the following:

- 1. The City shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:**
  - a. Creation of a capitalization policy;**
  - b. Creation or review of the capital asset list;**
  - c. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs); and**
  - d. A review of the leak adjustment policy.**
- 2. The City shall provide an update to Board staff with the completed rate study, policy recommendations, five-year capital asset budget and an implemented or proposed plan of action by August 31, 2018.**

Mr. Moss motioned to approve staff recommendations, and Ms. Parker seconded it. The motion passed unanimously.

#### **Cheatham County Water and Wastewater Treatment Authority**

The Board heard updates from Mr. Greer. Staff recommended the Board order the following:

- 1. The Authority shall bring in assistance from the County Technical Advisory Service, Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:**
  - a. Creation of a capitalization policy; and**
  - b. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs);**
- 2. The Authority shall provide an update to Board staff with the completed rate study, policy recommendations, five-year capital asset budget and an implemented or proposed plan of action by August 31, 2018.**

Mr. Wilkins motioned to approve staff recommendations, and Ms. Parker seconded it. The motion was passed unanimously.

#### **Coffee County Water and Wastewater Treatment Authority**

The Board heard updates from Mr. Greer. Staff recommended the Board order the following:

- 1. The financial investigation of the Authority is hereby closed.**
- 2. The Authority shall provide a financial update to Board staff on or before March 1st and September 1st annually beginning on September 1, 2018, until released from Board oversight.**

Ms. Butterworth motioned to approve staff recommendations, and Ms. Parker seconded it. The motion was passed unanimously.

#### **City of Crossville**

The Board heard updates from Mr. Greer. Staff recommended the Board order the following:

- 1. Formally release the City from Board oversight.**

Mr. Heidel motioned to approve staff recommendations, and Mr. Moss seconded it. The motion was passed unanimously.

### **City of Dyer**

The Board heard updates from Mr. Greer. Staff recommended the Board order the following:

- 1. The City shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to provide assistance with the following:**
  - a. Review of sewer fees and the actual cost of treatment;**
  - b. Review of tap fees and actual cost of installation;**
  - c. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs); and**
  - d. A review of the leak adjustment policy.**
- 2. The City shall provide an update to Board staff with the completed rate study, policy and fee recommendations, and five-year capital asset budget as well as an implemented or proposed plan of action by August 31, 2018.**

Mr. Wiggins motioned to approve staff recommendations, and Mr. Wilkins seconded it. The motion was passed unanimously.

### **Town of Gainesboro**

The Board heard updates from Mr. Greer. No action was needed to be taken.

### **Humphreys County**

The Board heard updates from Mr. Greer. No action was needed to be taken.

### **City of Luttrell**

The Board heard updates from Mr. Greer. Staff recommended the Board order the following:

- 1. The City shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:**
  - a. Review of sewer fees and the actual cost associated with serving inside/outside the City and County corporate boundaries;**
  - b. Review of tap fees and actual cost of installation; and**
  - c. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs).**
- 2. The City shall provide an update to Board staff with the completed rate study, fee recommendations, five-year capital asset budget and an implemented or proposed plan of action by August 31, 2018.**

Mr. Moss motioned to approve staff recommendation, and Ms. Butterworth seconded it. The motion was passed unanimously.

### **Town of Maury City**

The Board heard updates from Mr. Greer. Staff recommended the Board order the following:

- 1. The Town shall implement an automatic rate increase annually on July 1st of a minimum of the Consumer Price Index (example resolution attached).**



**2. The Town shall provide a financial update to Board staff on or before March 1st and September 1st annually beginning September 1, 2018, until released from Board oversight.**

Mr. Wiggins motioned to approve staff recommendations, and Ms. Butterworth seconded it. The motion was passed unanimously.

#### **City of McLemoresville**

The Board heard updates from Mr. Greer. Staff recommended the Board order the following:

- 1. The City shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:**
  - a. Review of tap fees and the actual cost of installation;**
  - b. Creation of a capitalization policy;**
  - c. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs); and**
  - d. A review of the leak adjustment policy.**
- 2. The City shall provide an update to Board staff with the completed rate study, policy recommendations, five-year capital asset budget and an implemented or proposed plan of action by August 31, 2018.**

Mr. Hampton questioned the wording of the staff recommendations. In previous recommendations, the language was worded "The City shall bring in a qualified expert." Mr. Hampton suggested, and Board staff concurred, using that same language to keep it consistent with other orders [***The City shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert***]. Mr. Hampton motioned to approve revised staff recommendations, and Mr. Wiggins seconded it. The motion was approved unanimously.

#### **Metro Moore Water and Sewer**

The Board heard updates from Mr. Greer. Staff recommended the Board order the following:

- 1. Metro Moore shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts, County Technical Advisory Service or another qualified expert to perform a rate study and provide assistance with the following:**
  - a. Review of sewer fees and the actual cost of treatment (including new plant cost);**
  - b. Review of the Leak Adjustment Policy;**
  - c. Determination of the need for a long-term water purchase contract with Tullahoma;**
  - d. Creation or review of the existing plan to reduce water loss;**
  - e. Creation or review of a plan to reduce infiltration and inflow; and**
  - f. Update of the existing five-year capital asset plan with projected costs to be included.**
- 2. Metro Moore shall provide an update to Board staff with the completed rate study, policy recommendations, a plan to reduce water loss, infiltration and inflow and an implemented or proposed plan of action by August 31, 2018.**

Ms. Butterworth motioned to approve staff recommendations, and Mr. Hampton seconded it. Mr. Moss questioned the use of deposits for renters/non-property owners which impose the administrative responsibility problem of tracking the money from the start of the account until the funds are refunded to the renter. Mr. Greer said that staff recommends using a fee for renter accounts, but staff feels that

decision should be made by the system. Mr. Heidel noted the capital asset plan does not include costs. Mr. Tommy Brown, Chairman of Metro Moore, responded to questions about sewer rehab efforts.

After discussion, staff agreed to revise their recommendation to include:

- vi. Update of the existing five-year capital asset plan with projected costs to be included.**

Ms. Butterworth and Mr. Hampton accepted such change to the motion which passed unanimously.

#### **Metro Nashville-Davidson County Water and Sewer**

The Board heard updates from Mr. Greer. Staff recommended the Board order the following:

- 1. Metro Nashville shall provide an update to Water and Wastewater Financing Board staff with the completed Raftelis rate study, and the implemented or proposed plan of action on or before August 31, 2019.**
- 2. Metro Nashville shall provide an interim update to Water and Wastewater Financing Board staff on the Raftelis rate study on or before August 31, 2018.**

Mr. Moss motioned to approve staff recommendations with the requirement of an interim update to staff by August 31, 2018, and Mr. Hampton seconded it. Ms. Parker recused herself. The motion was passed unanimously.

#### **Town of Mitchellville**

The Board heard updates from Mr. Greer. Staff recommended the Board order the following:

- 1. The Town shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:**
  - a. A review of sewer fees and actual cost of treatment;**
  - b. A review of tap fees and actual cost of installation;**
  - c. A review of the Town's capitalization policy;**
  - d. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs);**
  - e. Creation of a debt management policy;**
  - f. A review of the capital asset list; and**
  - g. A review of the feasibility of merging with Portland.**
- 2. The Town shall provide an update to Board staff with the completed rate study, policy recommendations, five-year capital asset budget, recommendation(s) regarding the feasibility of a merger with Portland and an implemented or proposed plan of action by August 31, 2018.**

Mr. Heidel motioned to approve staff recommendations, and Mr. Wiggins seconded it. The motion was approved unanimously.

#### **Town of Monterey**

The Board heard updates from Mr. Greer. No action was needed to be taken.

#### **Town of Mountain City**

The Board heard updates from Mr. Greer. Staff recommended the Board order the following:

**1. The Town shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:**

- a. A review of tap fees and the actual cost of installation;**
- b. A review of the actual cost of service to customers outside the Town limits and justification for the higher rates;**
- c. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs); and**
- d. A review of the leak adjustment policy.**

**2. The Town shall provide an update to Board staff with the completed rate study, five-year capital asset budget, policy and other recommendations and an implemented or proposed plan of action by August 31, 2018.**

Mr. Wilkins motioned to approve staff recommendations, and Ms. Parker seconded it. The motion was approved unanimously.

#### **Town of Oakdale**

The Board heard updates from Mr. Greer. Staff recommended the Board order the following:

**1. The Town shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:**

- a. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs);**
- b. A review of the actual treatment costs so rates can be adjusted accordingly;**
- c. A review of the grant funding to know how much new depreciation will need to be funded;**
- d. A review of any possible merger partners in the area; and**
- e. If no viable merger partners are identified, an explanation why.**

**2. The Town shall provide an update to Board staff with the completed rate study, five-year capital asset budget, policy recommendations, merger related information and an implemented or proposed plan of action by August 31, 2018.**

Mr. Wiggins motioned to approve staff recommendations with the addition that an explanation be given if the Town believes there is no merger partner, and Mr. Moss seconded it. The motion was approved unanimously.

#### **Town of Obion**

The Board heard updates from Mr. Greer. Staff recommended the Board order the following:

**1. The Town shall maintain compliance with Ordinance Number 2017-2.**

**2. The Town shall provide a financial update to Board staff on or before March 1st and September 1st annually beginning September 1, 2018, until released from Board oversight.**

Mr. Heidel motioned to approve staff recommendations, and Mr. Wilkins seconded it. The motion passed unanimously.

### **Town of Oneida**

The Board heard updates from Mr. Greer. Staff recommended the Board order the following:

- 1. The Town shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:**
  - a. A review of tap fees and actual cost of installation;**
  - b. Creation of a new customer contract;**
  - c. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs); and**
  - d. A review of inside/outside rates and the cost of serving outside of the corporate boundaries.**
- 2. The Town shall provide an update to Board staff with the completed rate study, five-year capital asset budget, new customer contract and an implemented or proposed plan of action by August 31, 2018.**

Ms. Butterworth motioned to approve staff recommendations, and Mr. Wiggins seconded it. The motion passed unanimously.

### **City of Pikeville**

The Board heard updates from Mr. Greer. Staff recommended the Board order the following:

- 1. The City shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:**
  - a. A review of tap fees and actual cost of installation;**
  - b. A review of the need for a rate and fee policy;**
  - c. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs);**
  - d. A review of inside/outside rates and the cost of serving outside of the corporate boundaries; and**
  - e. A review of the leak adjustment policy.**
- 2. The City shall provide an update to Board staff with the completed rate study, fee and policy recommendations, five-year capital asset budget, and an implemented or proposed plan of action by August 31, 2018.**

Ms. Butterworth motioned to approve staff recommendations, and Mr. Moss seconded it. The motion was passed unanimously.

### **City of Rocky Top**

The Board heard updates from Mr. Greer. No action was needed to be taken.

### **City of Sharon**

The Board heard updates from Mr. Greer. No action was needed to be taken.

### **Town of Stanton**

The Board heard an update from Mr. Greer. Staff recommended the Board order the following:

- 1. The Town shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study.**
- 2. The Town shall provide an update to Board staff with the completed rate study and an implemented or proposed plan of action by August 31, 2018.**

Mr. Wilkins motioned to approve staff recommendations, and Mr. Wiggins seconded it. The motion passed unanimously.

#### **City of Tusculum**

The Board heard updates from Mr. Greer. Staff recommended the Board order the following:

- 1. The City shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:**
  - a. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs);**
  - b. A review of any possible merger partners in the area; and**
  - c. If no viable merger partners are identified, an explanation why.**
- 2. The City shall provide an update to Board staff with the completed rate study, five-year capital asset budget and an implemented or proposed plan of action by August 31, 2018.**

Mr. Wiggins motioned to approve staff recommendations with the addition that an explanation be given if the City believes there is no merger partner, and Mr. Hampton seconded it. The motion was approved unanimously.

#### **Westmoreland**

The Board heard updates from Mr. Greer. Mayor Jerry Kirkman thanked the Board for their help. No action was needed to be taken.

#### **WATER LOSS**

##### **Dowelltown-Liberty Waterworks**

Mr. Moss had suggestions to help with tank overflow. Staff recommended the Board order the following:

- 1. The System shall identify a mechanism for preventing tank overflows.**
- 2. The System shall provide an update to Water and Wastewater Financing Board staff with an implemented or proposed plan of action by August 31, 2018.**

Mr. Moss motioned to approve staff recommendations, and Mr. Wiggins seconded it. The motion was approved unanimously.

##### **Alexandria Waterworks**

No discussions or actions were taken.

##### **Erin**

No discussions or actions were taken.

**Millington**

No discussions or actions were taken.

**Monterey**

No discussions or actions were taken.

**Mount Pleasant**

No discussions or actions were taken.

**Munford**

No discussions or actions were taken.

**Newport**

No discussions or actions were taken.

**Ramer**

No discussions or actions were taken.

**Red Boling Springs**

No discussions or actions were taken.

**Sardis**

No discussions or actions were taken.

**Shelbyville**

No discussions or actions were taken.

**Signal Mountain**

No discussions or actions were taken.

**Smithville**

No discussions or actions were taken.

**Smyrna**

No discussions or actions were taken.

**Westmoreland**

No discussions or actions were taken.

**MISCELLANEOUS**

**2018 Meeting Resolution:**

Mr. Greer presented the Board with the proposed 2018 meeting dates. Ms. Butterworth moved to approve by resolution the recommended dates (July 19 and November 15, 2018), and Mr. Moss seconded it, which passed unanimously. The next meeting is set for July 19, 2018.

Mr. Greer stated this was the first meeting for Mr. Hampton but also was the last scheduled meeting for Mr. Wiggins whose term ends June 30, 2018.

The Board asked staff to include in the agenda for future meetings the name of the County in which referred entities are located.

Chair Butterworth adjourned the meeting at 12:05 pm.

**Respectfully submitted,**

**Ann Butterworth  
Chair**

DRAFT

# Financial



# Alamo



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 16, 2018

Mayor John Avery Emerson  
Town of Alamo  
97 S. Johnson Street  
Alamo, TN 38001

Dear Mayor Emerson,

The Town's financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "John Greer", is written over a blue ink scribble.

John Greer  
Technical Secretary

**enclosure**

cc: (w/o encl.) Rita Reasons, City Recorder



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**BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD**

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**IN THE MATTER OF:**

**T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
TOWN OF ALAMO**

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**ORDER**

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Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the Town of Alamo (the "Town"). Based on the deficiencies in the Town's water and wastewater fund, the Board directs the Town to comply with the following corrective action plan:

1. The Town shall send financial updates to Board staff by March 1<sup>st</sup> and September 1<sup>st</sup> annually starting September 1, 2018, until released from Board oversight.

Entered this 17<sup>th</sup> day of April 2018.

Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

TOWN OF  
**ALAMO**

97 S. JOHNSON STREET - ALAMO, TENNESSEE 38001  
PHONE 731-696-4515 - FAX 731-696-4045

**MAYOR**  
JOHN AVERY EMISON

**ALDERMEN**  
KENNETH BODKINS  
LARRY CONDER  
P.B. CONLEY IV  
JOHN REDDICK

August 28, 2018

**RECORDER**  
RITA REASONS

John Greer, CPA  
Water Wastewater Finance Board  
Cordell Hull Building  
425 5th Avenue North  
Nashville, TN 37243

Dear Mr. Greer:

The Town of Alamo has come a long way in the last 15 months. We enacted two water/sewer rate increases. The effective rate increase is approximately 60-percent within the city limits and approximately 74-percent outside the city limits. What's more, we charge for usage from the first gallon as recommended in the TAUD rate study. I have set up this table to show the difference in months and the revenue brought in during that period, just on water sales and sewer charges.

Comparative Chart Revenues

Water Sales		Sewer Sales	
July 2017	28,779.07	July 2017	25,956.76
August 2017	59,014.70	August 2017	54,206.16
July 2018	46,671.19	July 2018	44,359.24
August 2018	87,977.46	August 2018	81,254.82

The next charts shows the revenues and expenses during the same 2 periods and the gain in net revenues before depreciation. Of course, summertime is our highest water/sewer revenue months and they won't all look quite this impressive.

Comparative Chart Revenue & Expenses

July 1, 2017-August 2017		July 1, 2018-August 2018	
Revenue	121,195.77	Revenue	176,467.21
Expenses	100,892.24	Expenses	98,322.68
Net Revenue before depreciation	20,303.53		78,144.53

As you can see, our revenue has increased significantly. The Mayor and I are keeping very close tabs on it. For the first time in a long time we are seeing months that pay all our operating expenses and fully fund depreciation. We are currently in the process of adopting a new policy on meter replacement, which we believe will be beneficial to net revenue in the long run. For the first time ever the Alamo Water/Sewer department has a 10-year capital plan. We have internally audited our water/sewer accounts to ensure that no one is getting free service. We are monitoring the legal debate on leak insurance.

We are optimistic that we will reach our financial obligations and will be discharged from your oversight in the coming year. If that doesn't happen, we will re-double our efforts. If you have any further questions please feel free to contact me.

Respectfully,

signed

Rita Reasons, Recorder

cc: Mayor John Avery Emison

# Alexandria



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

**Case: Alexandria**

**Staff Summary:**

**The Town of Alexandria has been referred for financial distress.**

TOWN OF ALEXANDRIA				
HISTORY FILE				
	Audited		Audited	
Fiscal Year 6/30	2015	2016	2017	
Water/Sewer revenues	\$ 585,232	\$ 640,066	\$ 662,621	
Other revenues	\$ 27,375	\$ 751	\$ 17,672	
<b>Total Operating Revenues</b>	<b>\$ 612,607</b>	<b>\$ 640,817</b>	<b>\$ 680,293</b>	
<b>Total Operating Expenses</b>	<b>\$ (652,629)</b>	<b>\$ (655,610)</b>	<b>\$ (713,706)</b>	
Operating Income	\$ (40,022)	\$ (14,793)	\$ (33,413)	
Interest Income (expense)	\$ (31,859)	\$ (29,964)	\$ (30,131)	
Grant/Capitol Cont.	\$ 145,755		\$ -	
<b>Change in Net Position</b>	<b>\$ 73,874</b>	<b>\$ (44,757)</b>	<b>\$ (63,544)</b>	

The Town raised their overage rate 11% and added a \$6.00 per month depreciation fee to all customers (see attached questionnaire). The Town did ask both TAUD and MTAS to prepare a rate study but failed to fully adopt either entities recommendations.

Staff Recommendation:

Order the Town to do the following:

1. **The Town shall have the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert perform an updated rate analysis that includes the following:**
  - a. a review of the \$6.00 depreciation charge and the 11% overage increase that the Town recently implemented,
  - b. creation of a capitalization policy,
  - c. creation of a five-year capital asset budget to be taken from the current capital asset list and include future anticipated needs, and a plan for implementing said budget, and
  - d. a review of the current leak adjustment policy.
2. **The Town shall provide an update to Board staff with the updated rate analysis and an implemented or proposed plan of action by April 19, 2019.**



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

January 19, 2018

Amanda Winchester  
Alexandria Waterworks  
102 High St.  
P.O. Box 277  
Alexandria, TN 37012

Dear Ms. Winchester,

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

Please fill out the attached questionnaire and return it and all supporting documentation to our office no later than **March 9, 2018**. Please submit this to either [utilities@cot.tn.gov](mailto:utilities@cot.tn.gov), and/or the following mailing address:

Water & Wastewater Financing Board  
ATTN: John Greer  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

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. After we receive your information, we will decide whether it is necessary for Alexandria Waterworks to (1) meet with our staff or (2) go directly before the Board.

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

Sincerely,

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

John Greer  
Technical Secretary





JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

### WWFB Financial Questionnaire

Utility: Town Of Alexandria

#### Instructions: Please submit the following information

1. Five year history of your rates (all rate classes and types)
2. Five year history of all utility fees (include records of how you rationalized charges for: tap fees, reconnection fees, etc.)
3. The current customer contract used for new service accounts
4. Most current balance sheet and income statement (accounts must be broken out by water and sewer **if applicable**; you may need to estimate or use a percentage for each)
5. A copy of your debt management policy
6. A copy of your capitalization policy (by which you decide whether you capitalize versus expense items)

#### Instructions: Please respond to each question below with detailed answers

1. Do you have a plan to remedy your financially distressed position?
  - a. If so, please provide a detailed copy.
2. Who has the authority to set rates and fees? Do you have a board or committee separate from your local legislative body (board of mayor and aldermen, etc.)?
3. How many customers do you have currently? Please break out by metered, non-metered, billed and un-billed, and class (residential, commercial, etc.).
4. What percentage of your sales do the largest ten (10) customers (by volume and by revenue) represent on a yearly basis?
5. Do you have plans for a rate increase or decrease?
  - a. If yes, has your board voted on it?
    - i. Please attach the relevant minutes that show all discussion and votes.
  - b. If no, please attach the minutes where the relevant discussion and vote took place to not change the current rate structure.
6. What is the justification for the current structure of your rates?
7. Do you have written policies for rates and fees (how they are implemented and billed, including adjustments)?
  - a. If so, please provide a list of the applicable policies.
  - b. How often do you review these policies?
8. How do you make customers aware of the rates and fees you have in place?
  - a. Is this done at least annually? If not, please explain.
9. Do you have a capital asset plan/budget?
  - a. If so, how long does it forecast (5 year, 10 year, etc.)?
  - b. If you do not have a capital asset plan, please justify why you do not.

10. Do you review your capital asset list?
  - a. If so, please indicate the frequency it is reviewed (annually, semi-annually, etc.) and who reviews this list.
  - b. If you do not review your capital asset list, please justify why you do not.
11. Do you have any environmental issues currently or forthcoming that will put a financial burden on the system?
12. Do you have a leak adjustment policy?
  - a. If so, what is the average yearly amount adjusted in gallons, cost to produce (or purchase), and lost revenue?
  - b. Please attach a copy of the policy.
13. Have you already, or do you plan to incur any new debt during the current fiscal year?
  - a. If so, please provide a detailed explanation.
14. Have you already, or do you plan to receive any grants or capital contributions during the current fiscal year?
  - a. If so, please provide a detailed explanation.
15. Have you applied for grants that will be received over the next two years?
  - a. If so, please provide a detailed explanation.
16. Do you produce or purchase your water supply?
  - a. If you produce your own water,
    - i. What is the cost per thousand to produce?
  - b. If you buy your water,
    - i. What is the cost per thousand?
    - ii. Do you have a long-term purchase contract in place?
17. Do you have any wholesale customers?
  - a. Do you have written contracts with those customers?
18. What is your current non-revenue water percentage?
  - a. Do you have any plans for improving your non-revenue water percentage?
  - b. If so, please provide a detailed explanation.
19. With respect to your governing board, how frequently do you meet and what is your practice of providing notice of your meetings?
20. Has your governing body met the applicable training requirements?
  - a. Please provide a list of Board members and their election/appointment dates.
  - b. Please review the training requirements at <https://www.comptroller.tn.gov/WWFB/>

*I hereby certify that the information provided is true and correct to the best of my knowledge.*

Signature:  Title: MAYOR Date: 6/5/2018

Please mail, e-mail, or fax copies of any documentation to:

**Water & Wastewater Financing Board**  
**ATTN: John Greer**  
**Fourth Floor Cordell Hull Building**  
**425 Fifth Avenue North**  
**Nashville, Tennessee 37243**  
**Phone: (615) 747-5260**  
**Fax: (615) 741-1551**  
**utilities@cot.tn.gov**

Alexandria

Re: Water & Wastewater Financing Board Request

John Greer,

Please refer to this as our response to the request from the Water & Wastewater Financing Board Request.

1. History of rates
  - a. 2014- Minimum \$19.75 for 2,000 gallons plus \$7.00 per 1,000 gallons (inside)  
Minimum \$28.52 for 2,000 gallons plus \$7.00 per 1,000 gallons (outside)
  - b. 2015-2017- Minimum \$20.00 for 2,000 gallons plus \$7.00 per 1,000 gallons (inside)  
Minimum \$28.52 for 2,000 gallons plus \$7.00 per 1,000 gallons (outside)
  - c. Current- Minimum \$20.00 for 2,000 gallons plus \$7.77 per 1,000 gallons (inside)  
Minimum \$28.52 for 2,000 gallons plus \$7.77 per 1,000 gallons (outside)  
Minimum \$47.75 for 2,000 gallons plus \$8.02 per 1,000 gallons (outside "2")  
Each connection is charged a \$6.00 per month depreciation fee.

2. History of utility fees
  - a. \$75.00 new customer connect fee.
  - b. \$2000.00 water tap fee.
  - c. \$50.00 non-payment fee
  - d. See the attached documentation.

3. Please see the attached contract.
4. Attached
5. On file with State.
6. Attached

1. Rates were increased last year as noted above. The \$6.00 depreciation fee has helped increase revenues for maintenance of the system.
2. Board of Mayor and Alderman. No
3. 958 water customers and 416 sewer customers.
4. N/A
5. Not at this time.
6. The per thousand-gallon rate was increased to the rate suggested by a rate study done by TAUD.
7. Yes, see the attached.

8. Rates and fees are provided to new customers, posted to bills if there is an increase and posted on the city's website. The city's website is updated any time there is a change to the rate structure.
9. No. There is no current plan, however; the systems assets are currently begin discussed and repaired/replaced as funds allow.
10. Yes, annually as part of audit.
11. It is under consideration that the new sewer plant permit may contribute environmental issues that will need funds to remedy.
12. Yes, see attached.
  - a. Approximately \$1,000.00. Cost to purchase for the system is \$3.13 per 1,000 gallons.
13. No
14. Unknown (upper Cumberland development district)
15. Unknown (upper Cumberland development district)
16. Purchase, \$3.13 per thousand gallons
  - a. We have a contract to purchase with Smith Utility District. Contract expires on May 21<sup>st</sup> 2029.
17. No
18. 58%
  - a. Yes, the system has plans to replace 1,100 feet of galvanized main. Master meters are beginning verified. Leak detection survey is on-going.
19. Board meets monthly. The last Tuesday of every month is the designated meeting day, this is posted at city hall and on the website.
20. No.
  - a. List members names and find the respective dates  
 Bennett Armstrong September 3, 2015  
 David Cripps September 3, 2015  
 Matt Boss September 3, 2015  
 Danny Parkerson September 3, 2015  
 Shane Blair March 28, 2017  
 Mac Willoughby December 19, 2017

**TOWN OF ALEXANDRIA, TENNESSEE**

**Statement of Net Position**

**Utility Fund**

**June 30, 2017**

Assets

	Total	Water	Sewer
<b>Current Assets:</b>			
Cash and cash equivalents	\$202,449	202,449	0
Certificate of deposits	150,602	150,602	0
Due from funds	34,049	34,049	0
Customer accounts receivable, net of allowance	58,357	38,201	20,156
<b>Total Current Assets</b>	<u>445,457</u>	<u>425,301</u>	<u>20,156</u>
<b>Capital Assets:</b>			
Utility plant in service	6,213,775	3,061,318	3,152,457
Less accumulated depreciation	(3,377,111)	(1,487,984)	(1,889,127)
<b>Total Capital Assets, Net</b>	<u>2,836,664</u>	<u>1,573,334</u>	<u>1,263,330</u>
<b>Restricted Assets:</b>			
Cash and cash equivalents	10,318	0	10,318
<b>Total Assets</b>	<u>\$3,292,439</u>	<u>\$1,998,635</u>	<u>\$1,293,804</u>

Liabilities and Fund Equity

<b>Current Liabilities (payable from current assets):</b>			
Accounts payable	\$40,884	\$25,884	\$15,000
Current portion of long-term debt	28,598	22,055	6,543
<b>Total Current Liabilities (payable from current assets)</b>	<u>69,482</u>	<u>47,939</u>	<u>21,543</u>
<b>Long-Term Debt</b>	<u>790,928</u>	<u>413,647</u>	<u>377,281</u>
<b>Total Liabilities</b>	<u>\$860,410</u>	<u>\$461,586</u>	<u>\$398,824</u>
<b>Net Position:</b>			
Net investment in capital assets	2,017,138	1,137,632	879,506
Restricted - Debt service	10,318	0	10,318
Unrestricted	404,573	399,417	5,156
<b>Total Net Position</b>	<u>\$2,432,029</u>	<u>\$1,537,049</u>	<u>\$894,980</u>

**TOWN OF ALEXANDRIA, TENNESSEE**

**Statement of Revenues, Expenses  
and Changes in Net Position**

**Utility Fund**

**For the Year Ended June 30, 2017**

	Total	Water	Sewer
Operating Revenues:			
User charges	\$662,621	\$502,621	\$160,000
Tap fees	17,672	14,672	3,000
Total Operating Revenues	<u>680,293</u>	<u>517,293</u>	<u>163,000</u>
Operating Expenses:			
Salaries and payroll taxes	24,025	12,012	12,013
Dues	3,734	2,734	1,000
Water purchased	284,209	284,209	0
Contract services	105,094	75,000	30,094
Repair and maintenance and supplies	67,035	52,035	15,000
Utilities	52,479	40,000	12,479
Office expense	8,370	4,185	4,185
Insurance	15,209	13,000	2,209
Depreciation	151,089	76,089	75,000
Miscellaneous	2,462	1,231	1,231
Total Operating Expenses	<u>713,706</u>	<u>560,495</u>	<u>153,211</u>
Operating income (loss)	<u>(33,413)</u>	<u>(43,202)</u>	<u>9,789</u>
Nonoperating Revenues (Expenses):			
Interest expense	(30,851)	(19,851)	(11,000)
Interest income	720	720	0
Total Nonoperating Revenues (Expenses)	<u>(30,131)</u>	<u>(19,131)</u>	<u>(11,000)</u>
Net change in position	(63,544)	(62,333)	(1,211)

**TOWN OF ALEXANDRIA  
2016-2017 FISCAL YEAR BUDGET  
WATER and SEWER FUND  
CASH BUDGET**

*Note 1: No Water or Sewer Rate Increases are considered in budget.*

*Note 2: Expenses are projected to grow at 3% except for Contracted Services, Contracted Labor, and Principal & Interest.*

	Water & Sewer 2016-17 Year End	Water Only 2017-18 Proposed	Sewer Only 2017-18 Proposed	TOTAL WATER & SEWER Information only
<b>EXPENDITURES</b>				
CPE	-	-	-	-
Reimburse overpayment	106	55	55	109
Water tank cleaning	140	144	-	144
Cash paid to suppliers	-	-	-	-
Audit	-	-	-	-
Annual dues	3,734	1,923	1,923	3,846
Utilities (gas, electric)	51,866	26,711	26,711	53,422
Telephone	613	316	316	632
Water purchased	284,209	212,000	-	212,000
Salaries and payroll taxes	-	-	-	-
Salaries	25,713	13,242	13,242	26,485
Payroll taxes	1,775	914	914	1,829
Advertising	-	-	-	-
Bad debts	1,661	855	855	1,711
Sewer supplies	17,710	-	18,241	18,241
Sales tax	-	-	-	-
USDA RD Dcfo	-	-	-	-
Bank service charge	224	115	115	231
Office supplies	4,648	2,394	2,394	4,788
Water supplies	57,225	58,942	-	58,942
Supplies	358	184	184	369
Insurance	209	107	107	215
Professional services	8,256	4,252	4,252	8,504
Postage	3,498	1,802	1,802	3,603
Contracted services	32,916	21,334	21,334	42,668
Contracted labor	90,998	46,847	38,118	84,965
Miscellaneous	839	432	432	864
Repair and maintenance and supplies	-	-	-	-
Repair and maintenance	-	-	-	-
Water leak survey	-	-	-	-
Depreciation (not in a cash budget)	-	-	-	-
Rent	-	-	-	-
	<b>586,701</b>	<b>392,571</b>	<b>130,997</b>	<b>523,568</b>
Operating income	101,750	134,979	29,904	164,883
Purchase of capital assets	-	-	-	-
Capital outlay	-	-	-	-
Debt service - USDA bonds - Principal	(27,397)	(14,299)	(14,299)	(28,598)
Debt service - USDA bonds - Interest	(30,851)	(14,825)	(14,825)	(29,650)
Due from General - Internal loan	(16,392)	(8,196)	(8,196)	(16,392)
Net change in cash	<b>27,110</b>	<b>97,659</b>	<b>(7,416)</b>	<b>90,243</b>

With  
Leak  
Reduction  
←

Beginning Cash and Cash Equivalents 314,635

Ending Cash and Cash Equivalents 404,878

Due From General - Internal loan payment of \$16,392 is to retire the debt General Fund owes Water / Sewer Fund

**TOWN OF ALEXANDRIA  
2016-2017 FISCAL YEAR BUDGET  
WATER and SEWER FUND  
CASH BUDGET**

*Note 1: No Water or Sewer Rate Increases are considered in budget.*

*Note 2: Expenses are projected to grow at 3% except for Contracted Services, Contracted Labor, and Principal & Interest.*

**CASH PROCEEDS**

Cash received from customers  
Other  
Proceeds from loan  
Interest income  
Tap fees  
Capital Contributions

**TOTAL WASTEWATER FUND REVENUE**

Water & Sewer 2016-17 Year End	Water Only 2017-18 Proposed	Sewer Only 2017-18 Proposed	TOTAL WATER & SEWER Information only
620,073	459,172	160,901	620,073
53,378	53,378	-	53,378
	-	-	-
	-	-	-
15,000	15,000	-	15,000
	-	-	-
	-	-	-
688,451	527,550	160,901	688,451



**PROPOSED CAPITAL OUTLAY PROJECTS  
FOR DISCUSSION PURPOSES  
(NOT IN THE BUDGET)**

Capital outlay  
 Skyline Waterline Repair Materials  
 Skyline Design / Engineering  
 Leak Detection  
 Water Tank - Upgrade and Maint  
 Sykes Creek Pump station update  
 Infiltration and Inflow  
 Phosphorous removal tank

TOTAL

Water Only 2017-18 Proposed	Sewer Only 2017-18 Proposed	TOTAL WATER & SEWER Information only
(57,000)	-	(57,000)
(18,000)	-	(18,000)
(21,000)	-	(21,000)
(100,000)	-	(100,000)
-	(100,000)	(100,000)
-	(50,000)	(50,000)
-	(100,000)	(100,000)
(196,000)	(250,000)	(446,000)

# Town of Alexandria

Minutes for Regular Monthly Meeting June 27, 2017

The Mayor and Board of Aldermen of the Town of Alexandria met in a regular meeting on June 27, 2017 at 7:00 P.M. The meeting was held in the conference room of Alexandria City Hall – DeKalb County, Tennessee.

The council members in attendance Alderman Danny Parkerson, Alderman Kelly Pyburn, Alderman David Cripps, Alderman John Suggs, Alderman Matt Boss and Eddie Blair ( Shane ).

Mayor Bennett Armstrong was also in attendance.

The regular meeting commenced with a prayer from Alderman David Cripps and was followed by the pledge of allegiance.

Mayor Bennett Armstrong asked the board if they have had a chance to read last month's minutes. Alderman David Cripps made a motion to accept. Alderman John Suggs seconded it. Motion passed unopposed.

Sewer report. Dale Smith The only thing he has heard was that the State says until we hear from them about the permit to just keep chugging along. The lights out at the sewer plant have gone out and he would like to get them fixed, it does get pretty dark out there when he has to go out at night. Alderman John Suggs made a motion to accept. Alderman Kelly Pyburn seconded it. Motion passed unopposed.

Police report. Alderman David Cripps read. The police department had 72 calls, 31 citations, 8 arrests, 3368 patrol miles driven, 241 business door checks and 29 church door checks. No new business. Alderman Kelly Pyburn made a motion to accept. Alderman John Suggs seconded it. Motion passed unopposed.

Fire report. Alderman John Suggs stated there is no fire report.

Financial report. Bridgette Rogers stated that the only thing was last month she has given the board a packet of papers to look at for the internal financial report for the Pool company. Alderman Kelly Pyburn made a motion to accept and go ahead and send it to the Pool. Alderman John Suggs seconded it. Motion passed unopposed. Bridgette Rogers stated there was a letter put in the packets from Randy York; it is about fixing water leaks on the customer's side and signed by Tony Tarpley. Alderman Danny Parkerson stated that this was discussed in last month's workshop with the attorney that it is not legal for the City to assume a debt on the customers side no matter if the Mayor signed it or not. Alderman David Cripps stated that the way it's worded "in trying to maintain our unaccounted for and non-revenue water "this water is revenue it passes thru the meter it is accounted for. Mayor Bennett Armstrong stated he did not approve this, when he saw this he stated the customers knew they had a leak claimed they didn't have enough money to fix the leak.

Mayor Bennett Armstrong stated that we need to have the 2<sup>nd</sup> reading of the budget. Alderman Shane Blair stated he thought that Attorney Vester Parsley said we didn't have to have a public hearing if the budget stayed the same. Alderman Danny Parkerson agreed. Alderman John Suggs stated that we agreed to adopt the budget from last year and amend as we go. Alderman Danny Parkerson stated if you would look at your 2016-2017 budget in the middle of the page under debt services we should have paid an additional \$20,000 on the principle for the paving bonds. This has already been authorized just need to be sure that it gets paid. Alderman Danny Parkerson

made a motion to pass the budget for 2017-2018 with it being the same budget from 2016-2017 with the exception of \$2000 for the sign and the cost of the Ford truck which we made the last payment this year in the amount of \$8796. Until we get the actual numbers from last year we cannot make an accurate budget. Alderman David Cripps seconded it. Council vote: Shane Blair- YES, Danny Parkerson- YES, Matt Boss-YES, John Suggs-YES, David Cripps-YES, Kelly Pyburn- YES. 6 YES 0 NO. Budget for 2017-2018 has been approved.

Mayor Bennett Armstrong asked the board to look at the front of the budget packet where the donations are. He would like to know where all the money is. Alderman David Cripps stated those are available funds and looks like no one donated anything in the years where they are blank. Alderman David Cripps stated he feels there should be around \$800 in the church fund and \$250 in the cemetery fund but he does not see that on the budget anywhere, so we need to find the paper that will show it. Alderman Danny Parkerson asked if we were getting a rent check each month from Seay Church. Bridgette Rogers stated that we do receive a check each month but out of that check the water and electric bills get paid. There were a few months where they did not make a payment and the Mayor was notified. Alderman Danny Parkerson stated that at some point there needs to be a contract made between the City and Seay Church, and they should be paying their own electric and water bills, there should no second party handling those bills.

The air conditioner has gone out in the office. We have had Randy's heating and air come and look at it. They have given us a bid. The board would like to have 3 bids to look at before making a decision. Alderman David Cripps stated that the money from the truck payment be put towards the air conditioner replacement. The board named off a few places for Bridgette Rogers and Jessica Cripps to call.

Water report- Alderman Matt Boss. Alderman Matt Boss stated that he and Mayor Bennett Armstrong went to the pump house to see the sign in sheet and it was not there so we don't know when it's being checked or if it even is being checked. He called Mr. York and he got hateful with him. Alderman Matt Boss went back 3 days later and it is locked with a dead bolt on the building, so the keys we have in the office don't work. The computer system is another issue; he has talked with another guy and what he saw we are losing a lot of water. The system we have is very handy; the state doesn't make you check the pump house or master meter every day. Alderman Danny Parkerson stated that is wrong you have to check the master meter daily, and the meter is in Hickman. Alderman Matt Boss stated that he and Mayor Bennett Armstrong has gone and looked for it and can't find it. Alderman David Cripps stated it is at the top of the hill this side of the church. Alderman Matt Boss stated that our pumps are running at 100% and the tanks are completely full. There is no reason for them to be doing this; this means we have major water issues. Alderman Matt Boss stated he has been getting complaints about meters not getting read every month. Alderman Matt Boss made a motion to give Mr. Randy York 30 days on his contract starting July 1, 2017. Alderman John Suggs stated before that's done we should have someone who can replace him. Alderman Matt Boss stated he has contacted another certified operator to help us, he does not want to get rid of Randy York he would just like to re-negotiate his contract. Alderman Matt Boss also stated that in that motion he would also like to have Attorney Vester Parsley and Mayor Bennett Armstrong contact Randy York. Alderman David Cripps seconded it. Alderman John Suggs stated all he knows is that since he has been on the board we have never made any money the water department is always in the whole, we were told we weren't losing water and was being lied too. Alderman Matt Boss stated we still have a leak on Skyline, Alderman John Suggs stated that needs to be fixed first. Bridgette Rogers stated that in the packet Randy York has put a quote to have skyline fixed. According to this, this is where the majority of the water loss

# Allardt



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: City of Allardt**

**Staff Summary:**

On March 29, 2018, the Board voted to order the following:

1. **The City shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:**
  - a. **Creation of a debt management policy;**
  - b. **Creation of a capitalization policy;**
  - c. **Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs); and**
  - d. **A review of the leak adjustment policy.**
2. **The City shall provide an update to Board staff with the completed rate study, policy recommendations, a five-year capital asset budget and an implemented or proposed plan of action by August 31, 2018.**

Effective July 1, 2018, the City raised rates 10%. Based on projections from TAUD the City will show a positive change in net position in fiscal year 2019. The City has adopted a debt management and capitalization policy. The City has not formalized a capital asset budget as ordered but has been compiling information on future asset needs, including leak detection equipment.

**Staff Recommendation:**

Order Allardt to do the following:

1. **The City shall have the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert assist with:**
  - a. **creating and implementing a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs, and**
  - b. **reviewing the leak adjustment policy.**
2. **The City shall provide an update to Board staff with the information required in paragraph 1 by March 1, 2019.**
3. **The City shall provide a financial update to Board staff on or before March 1 and September 1 of each year beginning March 1, 2019, until the Board releases the City from its oversight.**



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 16, 2018

The Honorable Larry Moles  
Allardt Water System  
2015 Michigan Ave.  
P.O. Box 159  
Allardt, TN 38504

Dear Mayor Moles,

The Allardt Water System's financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

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

Sincerely,

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

John Greer  
Technical Secretary

enclosure  
cc: (w/o encl.) Robin Terry, CMFO



**BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD**

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**IN THE MATTER OF:**

**T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
CITY OF ALLARDT**

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**ORDER**

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Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the City of Allardt (the "City"). Based on the deficiencies in the City's water fund, the Board directs the City to comply with the following corrective action plan:

1. The City shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:
  - a. Creation of a debt management policy;
  - b. Creation of a capitalization policy;
  - c. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs); and
  - d. A review of the leak adjustment policy.
2. The City shall provide an update to Board staff with the completed rate study, policy recommendations, a five-year capital asset budget and an implemented or proposed plan of action by August 31, 2018.

Entered this 17<sup>th</sup> day of April 2018.

---

Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

**City of Allardt**  
**Allardt Water Works**

2015 Michigan Avenue  
P.O. Box 159  
Allardt, TN 38504  
931-879-7125

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August 27, 2018

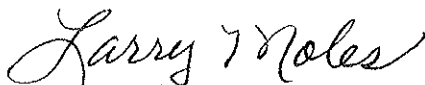
State of Tennessee  
Comptroller of the Treasury  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, TN 37243

RE: City of Allardt, TN

Dear Mr. John Greer, Technical Secretary

We received the letter for the Allardt Water System requesting more information for our Water System. With help from TAUD, MTAS, and our Auditors we have enclosed the information you requested. The city raised customer water rates to 10% starting July 1, 2018 billing and plan to have a 1% water rate increase every year following our water suppliers annual increase. Our rate study shows us in compliance by FY 2019. The city has not formalized a capital budget but we are making a few plans of some things we need in the next 5 years that are listed on page 10 of the rate study.

Sincerely,

  
Larry Moles  
Mayor of Allardt

Enclosures



**City of Allardt/Allardt Water Fund  
 Financial Projections Using a 2% Expense Growth Rate  
 August 2018**

	CURRENT 2017	BUDGETED 2018	PROJECTED 2019	PROJECTED 2020
<b>OPERATING REVENUES</b>				
Water Charges	\$488,742	\$480,000	\$480,000	\$480,000
Other Revenues	37,185	23,350	23,350	23,350
<b>Rate Increase on 07/01/2018</b>		0	150,000	150,000
<b>1 % Rate Increase on 7/01/2019</b>				<u>6,300</u>
Total Operating Revenues	525,927	503,350	653,350	659,650
<b>OPERATING EXPENSES</b>				
Total Expenses	<u>561,172</u>	<u>572,395</u>	<u>569,929</u>	<u>581,327</u>
<b>OPERATING INCOME</b>	(35,245)	(69,045)	83,421	78,323
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Expense	<u>(175)</u>	-	-	-
Change in Net Position	\$(35,420)	\$(69,045)	\$83,421.21	\$78,322.63
Percentage	-7%	-14%	17%	16%

**City of Allardt  
Tennessee**

**Debt Management Policy**

Adopted by the Board of Mayor and Aldermen on Aug 13, 2018

Effective Aug 13, 2018

City of Allardt, Tennessee

Capitalization Policy

1. Purpose

This accounting policy establishes the minimum cost (capitalization amount) that shall be used to determine the capital assets that are to be recorded in **City of Allardt's** annual financial statements (or books).

Capital Asset definition

A "Capital Asset" ,other than infrastructure, is defined as a unit of property that: (1) has an economic useful life that extends beyond 12 months; **and** (2) was acquired or produced for a cost of \$500.00 or more. Capital Assets must be capitalized and depreciated for financial statement (or bookkeeping) purposes. Infrastructure assets with an initial cost of \$3,000.00 or more are capitalized.

Capitalization thresholds

**City of Allardt** establishes \$500.00 for Capital Assets other than infrastructure and \$3,000.00 for infrastructure as the threshold amount for minimum capitalization. Any items costing below this amount should be expensed in **City of Allardt's** financial statements (or books).

2. Capitalization method and procedure

All Capital Assets are recorded at historical cost as of the date acquired.

Tangible assets costing below the aforementioned threshold amount are recorded as an expense for City of Allardt's annual financial statements. Alternatively, assets with an economic useful life of 12 months or less are required to be expensed for financial statement purposes, regardless of the acquisition or production cost.

3. Record keeping

Invoice substantiating an acquisition cost of each unit of property shall be retained for a minimum of four years.

Adopted by the Board of Mayor and Aldermen on Aug 13, 2018

Effective Aug 13, 2018

July 27, 2018

## **ALLARDT WATER WORKS**

### **Issues**

You have been operating at a net loss for the past two years and were referred to the State of Tennessee Water & Wastewater Finance Board (WWFB). Rates will need to be adjusted in order to be in compliance. See page 8 for additional information.

According to available audits, minimum rates have gradually increased since 2011. Variable rates have remained the same. Rates need to be raised every year to stay ahead of inflation, capital expenditures and routine maintenance.

Cash should be at least 1x operating expenses per year for best practices. This provides for emergency expenditures and unplanned expenditures. There is sufficient cash for best practices. As of 6/30/18, operating expenditures were \$557,783 and unrestricted cash was \$574,054. Cash was above best practices by \$16,271. If you cash fund depreciation and budget on sales only, cash will increase and create funds towards capital maintenance. Please see page 3 for additional information.

You indicated possible purchase of leak detection devices and painting of water tanks. The anticipated depreciation on these assets will be approximately \$2,900. Also, there are other assets on your depreciation schedule coming to the end of their life. What plans do you have to replace these? See page 10 for additional details.

The System does not have any debt as of now. In prior years, the debt ratio has been above the recommended ratio of 1.2 since 2013. See page 4 for additional information.

### **Solution**

Rates need to be reviewed every year to provide for future projects, new debt, depreciation and just simple cost of inflation. You indicated there was not any capital projects needed. The City has several capital assets on the depreciation coming to the end of their life. What plans do you have to replace those?

We always recommend lowering the minimum usage over time. This has been discussed at the State level to not include free water in the minimum bill, so you would be ahead of the game. This would create a conservation of resources and basic wear and tear on the system.

Your new rates effective 7/1/18 should increase revenue by approximately \$150,000. While this is helpful, we also recommend including 0 gallons in your minimum bill. This will increase revenue by approximately \$40,000. This may seem like an extreme increase, but keep in mind that before this year, rates have not been raised since 2011. By raising rates, you will be in the "black" and in compliance with the WWFB. Please see page 5-6 for additional details.

It is also suggested to increase rates based on the attached Consumer Price Index (CPI) schedules. Attached is a sample of a resolution that can be used to raise rates based on CPI schedules. As expenses automatically increase over time as reflected in an inflation rate or CPI. It is easier to have a small increases every year rather than a large increase in rates all at once.

There also needs to be contingencies for staff replacement issues. Is there a succession plan and an organization chart? Procedures and budgets for hiring, firing and retiring. If someone is retiring, how long would it take to train the new employee before the other employee leaves? This creates temporary double salaries, cost of licensing, benefits, training, etc. There could be a minimum of 6 months dual salary and benefit costs.

Tennessee law has passed a law that will not allow capital contributions in determining net income. Please be aware that capital contributions and grants provided needed cash for new projects and developments. This may not always be the case in the future and plans need to be made to fund future activities. Please refer to TCA Code 7-82-401.

Tennessee law also states that members of Municipal boards shall attend a minimum of 12 hours of training and continuing education within the first year of initial election or re-election and 12 hours every three years after that. Records must be kept and there are stiff penalties for not doing this. Please refer to TCA Code 7-34-115.

Please let us know of questions and thoughts including the consumer price index information.

Thank you,

Mark L. Butler  
Melanie Sain

**ALLARDT WATER WORKS**

**BEST PRACTICE - CASH**

	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	UNAUDITED <u>6/18/2018</u>
Operating Expenditures	\$ 496,877	\$ 477,552	\$ 479,304	\$ 565,619	\$ 561,172	\$ 557,783
Total Cash & Investments	<u>618,951</u>	<u>673,945</u>	<u>616,748</u>	<u>539,466</u>	<u>572,356</u>	<u>574,054</u>
Difference	<u>122,074</u>	<u>196,393</u>	<u>137,444</u>	<u>(26,153)</u>	<u>11,184</u>	<u>16,271</u>
Cash - Restricted for customer deposits	<u>\$ 49,651</u>	<u>\$ 49,520</u>	<u>\$ 46,975</u>	<u>\$ 46,801</u>	<u>\$ 46,765</u>	<u>\$ 45,917</u>
Restricted Cash for debt service reserve fund (DSRF)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actually DSRF needed	<u>\$ 22,182</u>	<u>\$ 22,882</u>	<u>\$ 22,045</u>	<u>\$ 7,350</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted Cash Over (Under)	<u>\$ (22,182)</u>	<u>\$ (22,882)</u>	<u>\$ (22,045)</u>	<u>\$ (7,350)</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE: Total Cash & Investments (for determining best practices) does NOT include cash that is restricted. Restricted funds are designated for a specific purpose and should not be used for operating expenditures.

NOTE: Best practices encourage cash to be at least 1x operating expenses. Cash has been above this level for the last five years, with the exception of the year ended 6/30/16.

**ALLARDT WATER WORKS**

**DEBT SERVICE COVERAGE**

	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	UNAUDITED <u>6/30/2018</u>
Revenue:						
Sales	\$ 477,699	\$ 439,050	\$ 477,560	\$ 473,854	\$ 488,742	\$ 526,732
Other Revenue	30,119	31,529	27,623	29,586	33,902	30,320
Interest Income	4,620	2,939	3,395	3,593	3,283	2,530
Capital Contributions/Grants	-	-	-	416,544	-	-
<b>Total Revenue</b>	<b>512,438</b>	<b>473,518</b>	<b>508,578</b>	<b>923,577</b>	<b>525,927</b>	<b>559,582</b>
Expenses						
Operating Expenses	496,877	477,552	479,304	565,619	561,172	557,783
Other Expenses	-	-	-	-	-	-
Interest Expense	5,132	4,020	2,667	1,002	175	-
Depreciation	(66,479)	(63,101)	(62,096)	(72,764)	(90,294)	-
<b>Total Expenses</b>	<b>435,530</b>	<b>418,471</b>	<b>419,875</b>	<b>493,857</b>	<b>471,053</b>	<b>557,783</b>
<b>Net Revenue</b>	<b>76,908</b>	<b>55,047</b>	<b>88,703</b>	<b>429,720</b>	<b>54,874</b>	<b>1,799</b>
<b>CAPITAL CONT/GRANTS NOT INCLUDED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(416,544)</b>	<b>-</b>	<b>-</b>
<b>Net Revenue Available for Debt Service</b>	<b>76,908</b>	<b>55,047</b>	<b>88,703</b>	<b>13,176</b>	<b>54,874</b>	<b>1,799</b>
Annual Debt Service	\$ 22,182	\$ 22,882	\$ 22,045	\$ 7,350	\$ -	\$ -
<b>Debt Service Coverage</b>	<b>3.47 X</b>	<b>2.41 X</b>	<b>4.02 X</b>	<b>1.79 X</b>	<b>N/A</b>	<b>N/A</b>

NOTE: The Water fund has been above the required 1.2 ratio. The debt was paid off during 2017.

**ALLARDT WATER WORKS**

**SUMMARY OF CURRENT RATES**

	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>7/1/2018</u> new rates
Minimum Bill (First 2,000 gallons)	\$22.43	\$22.88	\$23.11	\$23.57	\$24.04	\$26.44
2,001 - 5,000	\$5.31 / 1,000 gallons	\$5.31 / 1,000 gallons	\$5.31 / 1,000 gallons	\$5.31 / 1,000 gallons	\$5.31 / 1,000 gallons	\$8.05 / 1,000 gallons
5,001 - 10,000	\$4.92 / 1,000 gallons	\$4.92 / 1,000 gallons	\$4.92 / 1,000 gallons	\$4.92 / 1,000 gallons	\$4.92 / 1,000 gallons	\$7.55 / 1,000 gallons
10,001 - 20,000	\$4.54 / 1,000 gallons	\$4.54 / 1,000 gallons	\$4.54 / 1,000 gallons	\$4.54 / 1,000 gallons	\$4.54 / 1,000 gallons	\$7.01 / 1,000 gallons
Over 20,000	\$4.15 / 1,000 gallons	\$4.15 / 1,000 gallons	\$4.15 / 1,000 gallons	\$4.15 / 1,000 gallons	\$4.15 / 1,000 gallons	\$6.51 / 1,000 gallons
Water # of Taps	1173	1191	1129	1236	1250	1266 active taps

NOTE: The rates are the same for residential, commercial & industrial.

<u>REVENUE THAT SHOULD BE GENERATED UNDER CURRENT RATES</u>		
	<u># of Gallons</u>	<u>Amount</u>
Minimum Bill (1,266 customers x \$24.04 x 12 months)	5,042,973	365,215.68
2,001 - 5,000 (20,680,319 gallons/1000 x \$5.31)	20,680,319	109,812.49
5,001 - 10,000 (13,855,735 gallons/ 1000 x \$4.92)	13,855,735	68,170.22
10,001 - 20,000 (4,763,589 gallons/1000 x \$4.54)	4,763,589	21,626.69
Over 20,000 (3,979,880/1000 gallons x \$4.15)	3,979,880	16,516.50
TOTAL	48,322,496	581,341.59

<u>REVENUE THAT SHOULD BE GENERATED UNDER RATES EFFECTIVE 7/1/18</u>		
	<u># of Gallons</u>	<u>Amount</u>
Minimum Bill (1,266 customers x \$26.44 x 12 months)	5,042,973	401,676.48
2,001 - 5,000 (20,680,319 gallons/1000 x \$8.05)	20,680,319	166,476.57
5,001 - 10,000 (13,855,735 gallons/ 1000 x \$7.55)	13,855,735	104,610.80
10,001 - 20,000 (4,763,589 gallons/1000 x \$7.01)	4,763,589	33,392.76
Over 20,000 (3,979,880/1000 gallons x \$6.51)	3,979,880	25,909.02
TOTAL	48,322,496	732,065.62

Additional revenue of \$150,754 generated per year.



<u>ADDITIONAL REVENUE GENERATED IF 0 GALLONS INCLUDED IN MINIMUM</u>	<u># of Gallons</u>	<u>Amount</u>
<u>UNDER CURRENT VARIABLE RATE</u>		
Additional Revenue (5,042,973 gallons/1,000 * \$8.05)	5,042,973	40,595.93

additional revenue generated

<u>ADDITIONAL REVENUE GENERATED IF 500 GALLONS INCLUDED IN MINIMUM</u>	<u># of Gallons</u>	<u>Amount</u>
<u>UNDER CURRENT VARIABLE RATE</u>		
Additional Revenue (4,813,479 gallons/1,000 * \$8.05)	4,813,479	38,748.51

additional revenue generated

<u>ADDITIONAL REVENUE GENERATED IF 1000 GALLONS INCLUDED IN MINIMUM</u>	<u># of Gallons</u>	<u>Amount</u>
<u>UNDER CURRENT VARIABLE RATE</u>		
Additional Revenue (4,017,682 gallons/1,000 * \$8.05)	4,017,682	32,342.34

additional revenue generated

<u>ADDITIONAL REVENUE GENERATED IF 1500 GALLONS INCLUDED IN MINIMUM</u>	<u># of Gallons</u>	<u>Amount</u>
<u>UNDER CURRENT VARIABLE RATE</u>		
Additional Revenue (2,429,694 gallons/1,000 * \$8.05)	2,429,694	19,559.04

additional revenue generated

**ALLARDT WATER WORKS**  
**SUMMARY FROM CONSUMPTION REPORTS**

	<u>0-500</u>	<u>501 - 1000</u>	<u>1001 - 1500</u>	<u>1501-2000</u>	<u>2001 - 5000</u>	<u>5001-10000</u>	<u>10001 - 20000</u>	<u>Over 20,000</u>	
Residential	229,494	770,304	1,532,847	2,389,920	20,565,209	13,780,255	4,637,480	3,024,440	
Commercial	-	25,493	55,141	39,774	115,110	75,480	126,109	955,440	
	<u>229,494</u>	<u>795,797</u>	<u>1,587,988</u>	<u>2,429,694</u>	<u>20,680,319</u>	<u>13,855,735</u>	<u>4,763,589</u>	<u>3,979,880</u>	<u>48,322,496</u>

Gallons in minimum bill = 5,042,973

**ALLARDT WATER WORKS**

A Water System that is "financially distressed" shall be subject to the supervision and evaluation of the Water & Wastewater Finance Board (WWFB). A "financially distressed water system" is a system or systems, that, as shown by the audited annual financial reports, has either a deficit in total net position, is in default on an indebtedness, or has a negative change in net position for two (2) consecutive years without regard to any grants or capital contributions. For purposes of this section, a "change in net position" means total revenues less all grants, capital contributions, and expenses. See TN Annotated Code 7-34-115 for more information.

	<u>6/30/2016</u>	<u>6/30/2017</u>
Total Revenues	923,577	525,927
Less Total Expenses	(566,621)	(561,347)
Less All Grants & Capital Contributions	<u>(416,544)</u>	<u>-</u>
Change in Net Position	<u>(59,588)</u>	<u>(35,420)</u>
Net Position	<u>1,881,445</u>	<u>1,846,025</u>

NOTE: For WWFB purposes - the System is in financial distress.

**ALLARDT WATER WORKS**

<u>Water Loss Schedule</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
Water Supplied (in mg/yr)	78.274	81.438	83.236
Authorized Consumption (in mg/yr)	54.668	51.347	53.714
Water Losses (in mg/yr)	23.606	30.091	29.522
Percentage of Loss	30.2%	36.9%	35.5%
Water Audit Validity Score (out of 100)	76	81	82
Non-Revenue Water as % of Cost of Operating System	17.7%	18.3%	19.2%
Non-Revenue Water as a % by Volume of Water Supplied	31.4%	36.9%	36.7%
Water Losses as a % of Authorized Consumption	43.18%	58.60%	54.96%
	(23.606/54.668)	(30.091/51.347)	(29.522/53.714)

**Utilities will be referred to the Waste Water Finance Board based on:**

- A. Incomplete AWWA water audit submitted anytime on or after January 1, 2013;
- B. For audits received by the Comptroller of the Treasury from 1/1/2015 to 12/31/2016 - Validity score of 70 or less or non-revenue water as a percent by cost of operating system of 25% or greater;
- C. For audits received by the Comptroller of the Treasury from 1/1/2017 to 12/31/2018 - Validity score of 75 or less or non-revenue water as a percent by cost of operating system of 20% or greater;
- D. For audits received by the Comptroller of the Treasury from 1/1/2019 to 12/31/2020 - Validity score of 80 or less or non-revenue water as a percent by cost of operating system of 20% or greater.

NOTE: The City has been at a 30% or higher water loss since available data since 2009.

**ALLARDT WATER WORKS**

Capital Planning

Depreciation on Prior Assets \$ 100,882

New Assets Needed

Leak Detection Devices	\$ 12,000	5 year	\$ 2,400
Painting - Water Tank	\$ 10,000	20 years	<u>\$ 500</u>
			<u>\$ 2,900</u>

NOTE: Itemized costs on the depreciation schedule does not account for inflation.

**There are several items on your depreciation schedule that are close to  
Do you have plans for replacement?**

	<u>Original Cost</u>	
Distribution System	\$ 2,283,971	(this has around 1/2 life left)
Equipment 5 - 10 year	<u>95,970</u>	
	<u>2,379,941</u>	

RESOLVED, effective for billings for water delivered in the month of \_\_\_\_\_, 201\_\_ and for the month of \_\_\_\_\_ of each year thereafter through 20 \_\_, the volumetric (per/1,000 gallons) rates of the District shall be increased by the sum of (a) \_\_\_\_ percent, plus (b) any positive 12-month percent change in the most recently reported consumer price index (All Urban Consumers (CPI-U) for the U.S. City Average for All Items, 1982-84=100), rounded up to the nearest whole percentage; and

RESOLVED FURTHER, that such rate increases shall be implemented without further action of the Board of Commissioners; and

RESOLVED FURTHER, that the amount of each annual increase shall be announced at a public meeting of the Board of Commissioners of the District, and proper notice thereof shall be provided as required by applicable law.

# Atwood



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: Town of Atwood**

**Staff Summary:**

On March 28, 2018, the Board voted to order Atwood to comply with the following:

1. **The Town shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study that includes the following:**
  - a. **A review of the Town's capitalization policy;**
  - b. **Creating/Implementing a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs);**
  - c. **A review of the leak adjustment policy;**
2. **The Town shall provide an update to Board staff with the completed rate study and an implemented or proposed plan of action by August 31, 2018.**

The Town received a rate study from TAUD but has not enacted any of their recommendations. The Town is waiting on initial figures from an engineering firm to determine the cost of a new well.

**Staff Recommendation:**

Order Atwood to do the following:

1. **By February 15, 2019, the Town shall send Board staff a comprehensive update to include the following:**
  - a. **the Town's progress on implementing TAUD's recommendations,**
  - b. **the Town's progress on drilling an additional well, including an analysis on the feasibility of purchasing water from a neighboring utility,**
  - c. **a copy of the Town's five-year capital asset budget, and**
  - d. **a copy of meeting minutes at which the Town voted to adopt a leak adjustment policy.**





JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 16, 2018

The Honorable James Halford  
Town of Atwood  
45 Frist Street  
P.O. Box 339  
Atwood, TN 38220

Dear Mayor Halford,

The Town's financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "John Greer", written over a large, stylized blue checkmark.

John Greer  
Technical Secretary



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**BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD**

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**IN THE MATTER OF:**

**T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
TOWN OF ATWOOD**

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**ORDER**

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Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the Town of Atwood (the "Town"). Based on the deficiencies in the Town's water and wastewater fund, the Board directs the Town to comply with the following corrective action plan:

1. The Town shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:
  - a. A review of the Town's capitalization policy;
  - b. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs); and
  - c. A review of the leak adjustment policy.
2. The Town shall provide an update to Board staff with the completed rate study, policy recommendations, five-year capital asset budget and an implemented or proposed plan of action by August 31, 2018.

Entered this 17<sup>th</sup> day of April 2018.

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Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

Phone 731.662.7689  
Fax 731.662.4351  
Email townofatwood@tennesseetel.net

September 12, 2018

Mr. John Greer, Technical Secretary  
Tennessee Comptroller of the Treasury  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, TN 37243

Dear Mr. Greer:

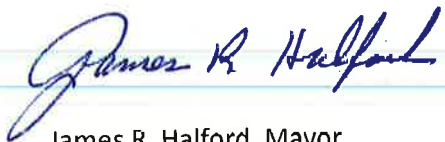
As I stated, when talking with you, on September 5, 2018, The Town of Atwood has approved and implemented increased fees for the water and sewer department. Our base fee for the first 2,000 gallons is \$10.00 for water and equal amount for sewer. The rate for all over the 2,000 gallons was increased to \$0.20 per 100 gallons. The new fees were implemented as of January 1, 2018. With only six months of new income our auditors (ATA) states we had net income of \$8,591.00 for the year ending June 30, 2018. (See copy of memo from ATA).

Your order requested the Town of Atwood to bring in assistance from MTAS or other qualified parties to perform a rate study and create a five year capital asset budget. We chose TAUD because of the cost factor. Their review covers several scenarios including, viewing rates each year, provide future projects, depreciation and other construction. Also recommend lowering minimum usage.

We presently have an engineering firm drawing plans for a new well, which we anticipate to cost around \$200,000 with depreciation of approximately \$6,500 yearly for 30 years.

The board is reviewing TAUD's recommendations and waiting for more information on the well cost and other things which we may need.

Sincerely



James R. Halford, Mayor  
Town of Atwood

Enclosure 1

**Zimbra****townofatwood@tennesseetel.net****RE: water****From :** Valery Lewis <vlewis@atacpa.net>

Fri, Aug 31, 2018 09:41 AM

**Subject :** RE: water**To :** 'City of Atwood City of Atwood' <townofatwood@tennesseetel.net>External images are not displayed. [Display images below](#)

I just wanted to touch base with you and let you know that part of the audit report that I was working on this week has gotten corrupted and now won't open. I have contacted our tech support and they are trying to recover it for me! I was going to send you that page of the report!

I can tell you that the water/sewer fund had net income of 8,591 this year where last year it was a loss of (5,632). Is that all you were needing to know to tell the mayor? I wanted to send you the page from the report but that hasn't worked out this week!

<http://atacpa.net/signature/assets/images/ata-logo.jpg>

**Valery Lewis**  
Senior Associate  
P [731.285.7900](tel:731.285.7900)  
Alexander Thompson Arnold PLLC  
[www.atacpa.net](http://www.atacpa.net)

**From:** City of Atwood City of Atwood [mailto:townofatwood@tennesseetel.net]**Sent:** Tuesday, August 28, 2018 12:04 PM**To:** Valery Lewis <vlewis@atacpa.net>**Subject:** Re: water

NO PROBLEM

**From:** "Valery Lewis" <vlewis@atacpa.net>**To:** "City of Atwood City of Atwood" <townofatwood@tennesseetel.net>**Sent:** Tuesday, August 28, 2018 11:17:21 AM**Subject:** RE: water

I haven't gotten that far just yet. I should within the next day or so if that is ok???

Valery Lewis

June 18, 2018

## **TOWN OF ATWOOD, TENNESSEE**

### **Issues**

Rates have remained the same from 2013 - 2015. They gradually increased starting in 2016. This was not enough to produce a positive change in net position as required by the Waste Water Finance Board (WWFB). See page 7 for more information. Also, these rates may not be enough to stay ahead of inflation, capital expenditures and routine maintenance.

Cash should be at least 1x operating expenses for one year for best practices. This provides for emergency expenditures and unplanned expenditures. There is sufficient cash for best practices. See page 3 for additional information.

The Water Fund does NOT have any debt. This could change if there was a disaster or costly capital assets or repairs were needed.

### **Solution**

Rates need to be reviewed every year to provide for future projects, new debt, depreciation and just simple cost of inflation. Many of the lines, pumps and equipment are coming to the end of their life. What plans do you have to replace these? There is a new well that will be needed for \$200,000. How will this be paid for? Depreciation on this well will be approximately \$6,667 each year. See page 6 for additional information.

We always recommend lowering the minimum usage over time. This has been discussed at the State level to not include free water in the minimum bill, so you would be ahead of the game. This would create a conservation of resources (wear and tear on the system).

According to your usage for 2017 - your revenue should have been approximately \$93,143. Water sales are approximately \$79,746. Why is there a difference? Is your software calculating bills correctly? If you lower the usage to include 0 gallons, this would increase your revenues by approximately \$3,404 per year. If you raise fixed rate to \$10.00 minimum and raise variable rate to \$.30/100, your revenues should increase by \$42,935. By raising rates to new levels, new projects and equipment can be purchased and the change in net position will be positive. You will be in compliance with the WWFB. See page 5 for additional information.

It is also suggested to increase rates based on the attached Consumer Price Index (CPI) schedules. (Also attached is a sample of a resolution that can be used to raise rates based on CPI schedules). As expenses automatically increase over time as reflected in an inflation rate or CPI. It is easier to have a small increases every year rather than a large increase in rates all at once.

There also needs to be contingencies for staff replacement issues. Is there a succession plan and an organization chart? Procedures and budgets for hiring, firing and retiring. If someone is retiring, how long would it take to train the new employee before the other employee leaves? This creates temporary double salaries, cost of licensing, benefits, training, etc. There could be a minimum of 6 months dual salary and benefit costs.

Tennessee law has passed a law that will not allow capital contributions in determining net income. Please be aware that capital contributions and grants provided needed cash for new projects and developments. This may not always be the case in the future and plans need to be made to fund future activities. Please refer to TCA Code 7-82-401.

Tennessee law also states that members of Municipal boards shall attend a minimum of 12 hours of training and continuing education within the first year of initial election or re-election and 12 hours every three years after that. Records must be kept and there are stiff penalties for not doing this. Please refer to TCA Code 7-34-115.

This rate analysis is based on financial information through 6/30/17. If we had information for the year ended 6/30/18, these results may vary. The audit shows water and sewer information in total and does not separate these funds. You indicated that cash, revenue, and expenses for water fund were approximately 45% which is the percentage we used in our analysis.

We noticed expenses decreased in 2014 and 2015 by around \$15,000 each year as compared to 2013, 2016 and 2017. Can you explain?

Please let us know of questions and thoughts including the consumer price index information.

Thank you,

Mark L. Butler  
Melanie Sain

**TOWN OF ATWOOD, TENNESSEE**

**BEST PRACTICE - CASH**

	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
Operating Expenditures	<u>\$ 74,167</u>	<u>\$ 55,808</u>	<u>\$ 58,799</u>	<u>\$ 75,878</u>	<u>\$ 73,635</u>
Total Cash & Investments	<u>459,538</u>	<u>497,300</u>	<u>413,794</u>	<u>360,225</u>	<u>377,144</u>
Difference	<u>385,371</u>	<u>441,492</u>	<u>354,995</u>	<u>284,346</u>	<u>303,509</u>

NOTE: Total Cash & Investments (for determining best practices) does NOT include cash that is restricted. They City did not have any restricted funds for the years 2013 - 2017.

NOTE: Cash is well above best practices to have 1x operating expenses.

**TOWN OF ATWOOD, TENNESSEE**

**DEBT SERVICE COVERAGE**

	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
Revenue:					
Sales	\$ 74,322	\$ 72,329	\$ 76,061	\$ 79,647	\$ 79,746
Other	2,702	2,222	101	2,103	1,930
Interest Income	3,599	2,480	1,980	2,094	1,921
Capital Contributions/Grants	-	-	-	-	-
Total Revenue	<u>80,623</u>	<u>77,031</u>	<u>78,142</u>	<u>83,844</u>	<u>83,597</u>
Expenses					
Operating Expenses	74,167	55,808	58,799	75,878	73,635
Interest Expense	-	-	-	-	-
Depreciation	(34,106)	(28,287)	(28,287)	(33,607)	(34,792)
Total Expenses	<u>40,061</u>	<u>27,521</u>	<u>30,512</u>	<u>42,271</u>	<u>38,843</u>
Net Revenue	<u>40,562</u>	<u>49,510</u>	<u>47,630</u>	<u>41,573</u>	<u>44,754</u>
CAPITAL CONT/GRANTS NOT INCLUDED	-	-	-	-	-
Net Revenue Available for Debt Service	<u>40,562</u>	<u>49,510</u>	<u>47,630</u>	<u>41,573</u>	<u>44,754</u>
Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Coverage	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

NOTE: Per City - 45% of revenue and expenses are water

NOTE: The City's proprietary funds do NOT have any debt.



**TOWN OF ATWOOD, TENNESSEE**

**SUMMARY OF CURRENT RATES**

<u>Water Rates</u>	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
Minimum Bill - First 2,000 Gallons	\$8.00 for 2,000 gallons	\$8.00 for 2,000 gallons	\$8.00 for 2,000 gallons	\$9.00 for 2,000 gallons	\$9.00 for 2,000 gallons
Over 2,000 Gallons	\$.15 per 100 gallons	\$.15 per 100 gallons	\$.15 per 100 gallons	\$.15 per 100 gallons	\$.15 per 100 gallons
 Water # of Customers	<u>528</u>	<u>528</u>	<u>533</u>	<u>527</u>	<u>523</u>

<b><u>REVENUE THAT SHOULD BE GENERATED UNDER CURRENT RATES</u></b>	<u># of Gallons</u>	<u>Amount</u>
Minimum bill (523 customers x \$9.00 x 12 months)	2,269,400	\$ 56,484
Variable bill to \$.15/ 100 gallons (24,439,300 gallons/100 x \$.15)	24,439,300	\$ 36,659
	<u>26,708,700</u>	<u>\$ 93,143</u>

What does water revenue for year ended 6/30/17 only equal \$79,746?

<b><u>IF WE RAISE RATES \$10.00 FOR MINIMAL BILL AND \$.30 FOR VARIABLE BILL</u></b>		
Minimum bill (523 customers x \$10.00 x 12 months)	2,269,400	\$ 62,760
Variable bill to \$.30/ 100 gallons (24,439,300 gallons/100 x \$.30)	24,439,300	\$ 73,318
	<u>26,708,700</u>	<u>\$ 136,078</u>

increase of \$42,935

<b><u>IF WE RAISE RATES \$.50 FOR VARIABLE BILL BUT LEAVE MINIMUM THE SAME:</u></b>		
Minimum bill (523 customers x \$9.00 x 12 months)	2,269,400	\$ 56,484
Variable bill to \$.50/ 100 gallons (24,439,300 gallons/100 x \$.50)	24,439,300	\$ 122,197
	<u>26,708,700</u>	<u>\$ 178,681</u>

increase of \$85,538

<b><u>IF 0 GALLONS WERE INCLUDED IN MINIMUM BILL</u></b>	<u># of Gallons</u>	<u>Amount</u>
Additional Revenue Generated (at current rates)	2,269,400	\$ 3,404

additional revenue per year

**TOWN OF ATWOOD, TENNESSEE**

Capital Planning

Depreciation on Prior Assets			\$	<u>34,792</u>	(45% of total \$77,315 is water)
	Cost	Life		<u>Annual Depreciation</u>	
New Well	\$ 200,000	30	\$	<u>6,666.67</u>	
	New Depreciation		\$	<u>6,667</u>	
	Total Depreciation		\$	<u><u>41,458</u></u>	

NOTE: You indicated there were no additional plans for purchases of capital expenditures in the next 10 years, besides the well. There may be items that are coming to the end of their life and will need to be replaced.

**TOWN OF ATWOOD, TENNESSEE**

A Water System that is "financially distressed" shall be subject to the supervision and evaluation of the Waste Water Finance Board (WWFB). A "financially distressed water system" is a system or systems, that, as shown by the audited annual financial reports, has either a deficit in total net position, is in default on an indebtedness, or has a negative change in net position for two (2) consecutive years without regard to any grants or capital contributions. For purposes of this section, a "change in net position" means total revenues less all grants, capital contributions, and expenses. See TN Annotated Code 7-34-115 for more information.

	<u>6/30/2016</u>	<u>6/30/2017</u>
(WATER & SEWER DEPARTMENT)		
Total Revenues	157,091	158,001
Less Total Expenses	(168,618)	(163,633)
Less All Grants & Capital Contributions	-	-
Change in Net Position	<u>(11,527)</u>	<u>(5,632)</u>
Net Position	<u>2,516,388</u>	<u>2,510,756</u>

NOTE: For WWFB purposes - the System is in financial distress.

**TOWN OF ATWOOD, TENNESSEE**

<u>Water Loss Schedule</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
Water Supplied (in mg/yr.)	36.962	34.273	34.194
Authorized Consumption (in mg/yr.)	25.282	24.293	26.259
Water Losses (in mg/yr.)	11.680	9.980	7.935
Percentage of Loss	31.6%	29.1%	23.2%

Water Audit Validity Score (out of 100)	80	82	82
Non-Revenue Water as % of Cost of Operating System	15.8%	6.9%	7.5%
Non-Revenue Water as a % by Volume of Water Supplied	34.9%	32.9%	25.6%
Water Losses as a % of Authorized Consumption	46.20%	41.08%	30.22%
	(11.680/25.282)	(9.980/24.293)	(7.935/26.259)

**Utilities will be referred to the Utility Management Review Board based on:**

- A. Incomplete AWWA water audit submitted anytime on or after January 1, 2013;
- B. For audits received by the Comptroller of the Treasury from 1/1/2015 to 12/31/2016 -Validity score of 70 or less or non-revenue water as a percent by cost of operating system of 25% or greater;
- C. For audits received by the Comptroller of the Treasury from 1/1/2017 to 12/31/2018 - Validity score of 75 or less or non-revenue water as a percent by cost of operating system of 20% or greater;
- D. For audits received by the Comptroller of the Treasury from 1/1/2019 to 12/31/2020 Validity score of 80 or less or non-revenue water as a percent by cost of operating system of 20% or greater.

# Bethel Springs



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: Bethel Springs Water Department**

**Staff Summary:**

No information has been received.

**Staff Recommendation:**

Order the following:

1. **Bethel Springs shall request the Municipal Technical Advisory Service, the Tennessee Association of Utility Districts or another qualified expert to assist in completing the financial questionnaire sent by Board staff.**
2. **Bethel Springs shall send the completed financial questionnaire and all supporting documentation to Board staff by February 15, 2019.**



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

**MEMORANDUM**

**TO:** Water and Wastewater Financing Board  
**FROM:** Division of Local Government Audit - Municipalities and Utility Districts  
**SUBJECT:** Division of Local Government Audit Referral Pursuant to TCA 68-221-1010(a)

In accordance with the requirements of Tennessee Code Annotated, we are hereby filing the following vendor with the board(s) noted above.

Record Number: 1603 Vendor Name: Bethel Springs  Component Unit

Report Year: 6/30/2017 Utility Type: Water and Sewer Date Received: 12/28/2017 Date Referred: 1/4/2018 Reviewer: SRW Report Status: Not Yet Reviewed

**FINANCIAL DISTRESS**

- A Has deficit net position for the fiscal year ended.
- B Decrease in net position for two consecutive years.

Fiscal Year End	Decrease in NP
6/30/2017	(\$36,856.00)
6/30/2016	(\$78,983.00)

- C Is in default on certain outstanding debt.

Holder of the Bonds, etc.	Principal	Interest

**WATER LOSS**

- D Water Loss Referral

**AWWA water audit info**

Water Loss Schedule - Status:  AWWA Excel File:

Validity score below the amount established by the board Validity Score: 82

Excessive non-revenue water % as established by the board Non-Rev Water %: 4.8  
(Non-Revenue Water as Percent by Cost of Operating System)

Comments:



**STATE OF TENNESSEE**  
**Water & Wastewater Financing Board**  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243  
Phone (615) 747-5260 Fax (615) 741-1551

January 18, 2018

Bennie Moore  
Bethel Springs Water Department  
P.O. Box 214  
Bethel Springs, TN 38315

Dear Mr. Moore,

The Tennessee Comptroller of the Treasury has referred Bethel Springs Water Department to the Water & Wastewater Financing Board (hereinafter "Board") pursuant to Tennessee Code Annotated § 68-221-1010(a).

Please fill out the attached questionnaire and return it and all supporting documentation to our office no later than February 28, 2018. Please submit this to either [utilities@cot.tn.gov](mailto:utilities@cot.tn.gov), and/or the following mailing address:

Water & Wastewater Financing Board  
ATTN: John Greer  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

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. After we receive your information, we will decide whether it is necessary for the City to (1) meet with our staff or (2) go directly before the Board.

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

Sincerely,

John Greer  
Utilities Specialist

**Cc: Mayor Gary Bizzell, Jr.**



# Blaine



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

**Case: Blaine**

**Staff Summary:**

The City of Blaine has been referred for financial distress.

CITY OF BLAINE				
HISTORY FILE				
	Audited		Audited	
Fiscal Year 6/30	2015	2016	2017	
Sewer revenues	\$ 152,479	\$ 176,167	\$ 175,520	
Other revenues	\$ 12,916	\$ 11,900	\$ 16,400	
<b>Total Operating Revenues</b>	<b>\$ 165,395</b>	<b>\$ 188,067</b>	<b>\$ 191,920</b>	
<b>Total Operating Expenses</b>	<b>\$ (116,144)</b>	<b>\$ (162,710)</b>	<b>\$ (158,521)</b>	
Operating Income	\$ 49,251	\$ 25,357	\$ 33,399	
Interest Income (expense)	\$ (46,101)	\$ (49,176)	\$ (48,301)	
Grant/Capitol Cont.	\$ 508,387	\$ -	\$ -	
<b>Change in Net Position</b>	<b>\$ 511,537</b>	<b>\$ (23,819)</b>	<b>\$ (14,902)</b>	

The City of Blaine has been operating a sewer plant for three years. The City asked Jimmy Langley (LBCUD), TAUD and MTAS to prepare a rate study.

The City discussed the rate recommendations at a September 17, 2018 Board meeting but no action was taken. The rates that are currently in place were recommended by the original project engineer. The City has indicated that the current Mayor is retiring, and the November election may bring even more turnover.

**Staff Recommendation:**

Order the City to do the following:

1. **The City shall request the Municipal Technical Advisory Service, the Tennessee Association of Utility Districts or another qualified expert to**
  - a. **perform an updated rate study with audited or unaudited fiscal year 2018 numbers,**
  - b. **review well-user flat fees and determine if increases in said fees are necessary,**
  - c. **create and a five-year capital asset budget, to be taken from the current capital asset list and include future anticipated needs, and develop a plan of implementation, and**
  - d. **review the capitalization policy and notify the City of necessary changes.**
2. **The City shall adopt all recommendations of the updated rate study by February 28, 2019.**



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

- 3. The City shall provide an update to Board staff with the updated rate study and an implemented plan of action by April 19, 2019.**

**CITY OF BLAINE**  
**P.O. BOX 85**  
**BLAINE, TENNESSEE 37709**  
**PH 865-933-1240 FAX 865-933-1278**

***Patsy McElhane, Mayor***

***Elizabeth White, City Recorder***

April 4, 2018

Water & Wastewater Financing Board  
ATTN: John Greer  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, TN 37243

Mr. Greer,

First let me thank-you for allowing us more time to complete the information requested. Enclosed are our responses and information requested.

The City of Blaine has only been in the wastewater business a little over three years now. We were very appreciative of the State Revolving Loan Program and Rural Development in supporting us with loans and grants. We understand the commitments we made to operate and maintain our facilities and fully intend to meet all of our obligations.

In the beginning of our process we relied heavily on our engineering firm to assist us with rates and policies that would allow us to fully meet all of our obligations. Unfortunately, some of our cost exceeded the estimates given creating a deficit for the last two years in the net change of position. Again, we fully intend to address this situation making adjustments to meet all of our cost and obligations.

We requested Mr. Jimmy Langley, General Manager at LBC and City of Blaine Alderperson, perform a rate evaluation for us. We have also formed a new sewer committee which met on March 19, 2018. Mr. Langley presented his evaluation and will present again at our April 16, 2018 Board meeting. We have also requested MTAS do a rate evaluation as well. In addition Mr. Langley has contacted TAUD requesting their assistance as well. We are completing information requested by them now.

We understand this process may take some time to complete but be assured we are eager to listen and learn what we need to do to become in compliance with all of the agencies involved.

While we regret receiving this notice we are also thankful for the assistance everyone is giving us now as we learn.

Our City has already seen the benefits of having a wastewater system in growth and the elimination of failing septic systems. Our goal is to continue growing as a City while improving our environment for the future.

Again, we appreciate the extension of time granted to us. Should we need to supply additional information please contact me at 865-933-1240.

Sincerely,



Patsy McElhane  
Mayor, City of Blaine

**PLANNING COMMISSION**

The board approved to subdivide the Runyon property. Attorney Shelley Wilson prepared a food truck ordinance and sent it to City Planner David Williams.

**POLICE REPORT**

Chief Winstead reported the police department is preparing for Joppa Elementary School 5K event this Saturday at 9:00 a.m.

**SEWER REPORT**

Bill Owens reported a pump went out at the sewer plant and will need to be replaced. Alderperson Jimmy Langley reported TAUD finished report and a copy was given to the board to review.

**ROAD REPORT**

City Recorder Elizabeth White reported Wayne Beeler with B & C Paving sent a total amount of increase in asphalt from \$76 per to \$80 per ton

**MOTION**

Motion by Alderperson Marvin Braden and seconded by Darrell Williams to have Attorney Shelley Wilson to send a letter to B & C paving.

**FINANCIAL REPORT**

**MOTION**

Motion by Alderperson Michael Fennell and seconded by Alderperson Darrell Williams to approve August financial report. Motion carried with 6 yes, 2 absent and Alderperson Edwards voting no.

**OLD BUSINESS**

Alderperson Charlie McKnight was wanting to know the status of the Ordinances and Codes updates. City Recorder Elizabeth White reported MTAS is still working on updating.

**NEW BUSINESS**

Alderperson Charlie McKnight would like requirements for Committee Members. Attorney Shelley Wilson said she will do some research.

**CITIZEN INPUT**

**ADJOURNMENT**

Motion to adjourn by Alderperson Michael Fennell and seconded by Alderperson Jimmy Langley.

---

Patsy McElhaney, Mayor

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Elizabeth White, City Recorder

September 6, 2018

**BLAINE, TENNESSEE**  
**SUMMARY OF RATE ANALYSIS**

**ISSUES**

You are operating at a net loss for the last two years and have been referred to the State of Tennessee Waste Water Finance Board (WWFB). Rates will need to be adjusted so you will be in compliance. See page 8 for additional information.

Rates have remained the same since 2014 and maybe before that. This does not provide for inflation, new capital expenditures and routine maintenance.

Cash should be at least 1x operating expenses for one year for best practices. This provides for emergency expenditures and unplanned expenditures. There is not sufficient cash for best practices. As of 6/30/18, cash was \$87,493 and expenses were \$101,723. Cash was below recommended best practices by \$14,230. Also, there is not cash set aside for restricted activities and debt service as required. Please see page 3 for additional information.

The debt ratio has been under the recommended ratio of 1.2 since 2014. An increase in expenses will lower this ratio even more. Also, there may be additional borrowing needs that arise. Maintaining a ratio of 1.2 is a part of your bond covenants. See page 4 for additional information. Also, interest expense should match your amortization schedules. Why doesn't this match?

**SOLUTIONS**

Rates need to be reviewed every year to provide for future projects, new debt, depreciation and inflation. Many of the lines, pumps and equipment may be coming to the end of their life. What plans do you have to replace these? You indicated there were no planned upcoming projects. However emergencies happen and some of your existing items may need to be replaced. See page 7 for additional information.

We always recommend lowering the minimum usage over time. This has been discussed at the State level to not include free usage in the minimum bill, so you would be ahead of the game. This would create a conservation of resources (wear and tear on the system). It can be beneficial to move from volumetric budgeting to fixed budgeting due to the amount of fixed expenses regardless of sewer treated.

The new proposed rates should help raise revenue. While these new rates will be beneficial, we still recommend lowering the usage in your minimum bill to include 0 gallons. This will provide approximately \$35,000 in additional revenue. By eliminated "free sewer" in your minimum bill, new projects and equipment can be purchased and cash will gradually increase to recommended levels. We also recommend increasing rates another \$2.00 for minimum. This will increase revenue by approximately \$6,200. See page 5 for calculations related to these estimates.

It is also suggested to increase rates based on the attached Consumer Price Index (CPI) schedules. Attached is a sample of a resolution that can be used to raise rates based on CPI schedules. As expenses automatically increase over time as reflected in an inflation rate or CPI. It is easier to have a small increases every year rather than a large increase in rates all at once. CPI increases should be automatic every year to maintain operations. Additional rate increases will be needed for new equipment or projects as well depreciation and maintenance.

There also needs to be contingencies for staff replacement issues. Is there a succession plan and an organization chart? Procedures and budgets for hiring, firing and retiring. If someone is retiring, how long would it take to train the new employee before the other employee leaves? This creates temporary double salaries, cost of licensing, benefits, training, etc. There could be a minimum of 6 months dual salary and benefit costs.

Tennessee law has passed a law that will not allow capital contributions in determining net income related to referral to the WWFB. Please be aware that capital contributions and grants provided needed cash for new projects and developments. This may not always be the case in the future and plans need to be made to fund future activities.

Tennessee law also states that members of Municipal boards shall attend a minimum of 12 hours of training and continuing education within the first year of initial election or re-election and 12 hours every three years after that. Records must be kept and there are stiff penalties for not doing this. Please refer to TCA Code 7-34-115.

In the beginning of this process, we sent you a list of needed information for a comprehensive rate analysis. Our calculations are based on information from your annual audits and information that you give to us. If available, we use the most updated financial statements. Please be aware that this rate analysis is based on a snapshot in time and could vary if new information becomes available. This could alter our results. As of the date of this summary, we did not receive the following: 1. July & August 2018 financials.

Please call us with any questions. We look forward to discussing this analysis with you.

Thank you,

Mark L. Butler  
Melanie Sain

BLAINE, TENNESSEE

**BEST PRACTICE - CASH**

	6/30/2014	6/30/2015	6/30/2016	6/30/2017	Unaudited 6/30/2018
Operating Expenditures	\$ 54,963	\$ 116,144	\$ 162,710	\$ 158,521	\$ 180,885
Total Cash & CD's	76,184	50,302	44,827	49,219	87,493
Difference	21,221	(65,842)	(117,883)	(109,302)	(93,392)
Restricted Cash for debt service reserve fund (	\$ -	\$ -	\$ -	\$ -	\$ -
Actually DSRF needed	\$ 55,070	\$ 61,321	\$ 67,592	\$ 73,855	\$ 80,117
Restricted Cash Over (Under)	\$ (55,070)	\$ (61,321)	\$ (67,592)	\$ (73,855)	\$ (80,117)

NOTE: Total Cash & CD's (for determining best practices) does NOT include cash that is restricted. Restricted funds are designated for a specific purpose and should not be used for operating expenditures. The City Sewer Department does not have any restricted cash for debt service as required.

NOTE: Cash is below best practices to have 1x operating expenses. Cash has been below best practices since 2015.

**Restricted Cash that is currently required to be in compliance with resolution covenants: (Principle and Interest)**  
**Each debt has its own requirement as noted below.**

	State Revolving	USDA	Total	
(\$40,656 + 20%) 2014	48,787	6,283	55,070	***
2015	-	6,251	6,251	***
2016	-	6,271	6,271	***
2017	-	6,263	6,263	***
2018	-	6,262	6,262	***
2019	-	6,262	6,262	***
2020	-	6,262	6,262	
2021	-	6,262	6,262	
2022	-	6,262	6,262	
2023	-	6,262	6,262	
	48,787	62,640	111,427	

At time of funding, covenant requirements for reserves:

1 year      1/10th per year

\*\*\* By the end of fiscal year ending 6/30/19 - total DSRF needed is \$86,379.

**Annual Debt Service Ratio Requirements:**

Public Funding (bond or bank)	1.2 debt service ratio required
State Revolving Loan Fund (SRF)	1.2 debt service ratio required
Rural Development (USDA)	1.0 debt service ratio required



**BLAINE, TENNESSEE**

**DEBT SERVICE COVERAGE**

	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	UNAUDITED <u>6/30/2018</u>	NEEDED <u>6/30/2019</u>
Revenue:						
Sewer Charges	\$ 82,995	\$ 152,479	\$ 176,167	\$ 175,520	\$ 175,444	\$ 240,681
Other	75,800	12,916	11,900	16,400	12,997	12,997
Interest	6	62	-	-	-	-
Contributed Capital/Grants	1,454,933	508,387	-	-	-	-
<b>Total Revenue</b>	<b>1,613,734</b>	<b>673,844</b>	<b>188,067</b>	<b>191,920</b>	<b>188,441</b>	<b>253,678</b>
Expenses						
Operating Expenses	54,963	116,144	162,710	158,521	180,885	180,885
Interest Expense	-	46,163	49,176	48,301	48,301	48,301
Depreciation	-	(39,581)	(79,162)	(79,162)	(79,162)	(79,162)
<b>Total Expenses</b>	<b>54,963</b>	<b>122,726</b>	<b>132,724</b>	<b>127,660</b>	<b>150,024</b>	<b>150,024</b>
<b>Net Revenue</b>	<b>1,558,771</b>	<b>551,118</b>	<b>55,343</b>	<b>64,260</b>	<b>38,417</b>	<b>103,654</b>
Contributed Capital/Grants NOT INCLUDED	(1,454,933)	(508,387)	-	-	-	-
<b>Net Revenue Available for Debt Service</b>	<b>103,838</b>	<b>42,731</b>	<b>55,343</b>	<b>64,260</b>	<b>38,417</b>	<b>103,654</b>
<b>Annual Debt Service</b>	<b>\$ 55,070</b>	<b>\$ 61,321</b>	<b>\$ 67,592</b>	<b>\$ 73,855</b>	<b>\$ 80,117</b>	<b>\$ 86,379</b>
<b>Debt Service Ratio</b>	<b>1.89 X</b>	<b>0.70 X</b>	<b>0.82 X</b>	<b>0.87 X</b>	<b>0.48 X</b>	<b>1.20 X</b>

NOTE: The City has been below the required ratio of 1.2 for debt service since 2014.

NOTE: This is a new sewer system that was completed within the year ended June 30, 2014.

NOTE: All debt includes covenants that are agreed to when you receive funding. The following is an example of what should be retained for debt service covenants and/or best practices:

Public Funding (bond or bank)	1.2 debt service ratio required
State Revolving Loan Fund (SRF)	1.2 debt service ratio required
Rural Development (USDA)	1.0 debt service ratio required

BLAINE, TENNESSEE

SUMMARY OF CURRENT RATES

	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>
First 1,000 gallons	\$29.00	\$29.00	\$29.00	\$29.00	\$29.00
Next 1,000 gallons	\$15.00 / 1,000 gallons	\$15.00 / 1,000 gallons	\$15.00 / 1,000 gallons	\$15.00 / 1,000 gallons	\$15.00 / 1,000 gallons
# of Customers	188	291	263	265	261

<u>Estimated Total Revenue Generated Under Current Rates</u>		
	<u>Total Gallons Used</u>	<u>Revenue</u>
Minimum (261 customers x \$29.00 x 12 months)	2,376,000	\$ 90,828
Variable (6,661,552/1000 * \$15.00)	6,661,552	\$ 99,923
	9,037,552	190,751

<u>If 0 gallons were included in the minimal</u>			
Variable (2,376,000/1000 * \$15.00)	2,376,000	\$ 35,640	Additional Revenue Generated

<u>If 0 gallons were included in minimum plus increase of \$1.00 for variable</u>			
Variable (9,037,552/1000 * 1.00)	9,037,552	\$ 9,038	Additional Revenue Generated

<u>If 0 gallons were included in minimum plus increase of \$2.00 for variable</u>			
Variable (9,037,552/1000 * 2.00)	9,037,552	\$ 18,075	Additional Revenue Generated

<u>If minimum billed was raised by \$2.00</u>			
Minimum (261 customers x \$2.00 x 12 months)		\$ 6,264	Additional Revenue Generated

NOTE: 69 customers pay only the minimum bill every month.

BLAINE, TENNESSEE  
SCHEDULE OF DEBT

	6/30/2017	Debt Service		
	<u>Balance</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
State Revolving Loan Fund	643,346	35,891	4,765	40,656
USDA CDBG	<u>1,270,099</u>	<u>20,068</u>	<u>42,557</u>	<u>62,625</u>
TOTALS	<u>1,913,445</u>	<u>55,959</u>	<u>47,322</u>	<u>103,281</u>

BLAINE, TENNESSEE

Current Depreciation \$ 79,162

Capital Planning

<u>Life</u>	<u>Cost</u>	<u>Estimated Depreciation</u>
-------------	-------------	-----------------------------------

	Total	<u>\$ -</u>
--	-------	-------------

You indicated no plans for capital expenditures in the near future. This could change as assets break down and reach the end of their life.

**BLAINE, TENNESSEE**

A Water System that is "financially distressed" shall be subject to the supervision and evaluation of the Waste Water Finance Board (WWFB). A "financially distressed water system" is a system or systems, that, as shown by the audited annual financial reports, has either a deficit in total net position, is in default on an indebtedness, or has a negative change in net position for two (2) consecutive years without regard to any grants or capital contributions. For purposes of this section, a "change in net position" means total revenues less all grants, capital contributions, and expenses. See TN Annotated Code 7-34-115 for more information.

	<u>6/30/2016</u>	<u>6/30/2017</u>
Total Revenues	188,067	191,920
Less Total Expenses	(211,886)	(206,822)
Less All Grants & Capital Contributions	-	-
Change in Net Position	<u>(23,819)</u>	<u>(14,902)</u>
Net Position	<u>2,046,489</u>	<u>2,031,587</u>

NOTE: For WWFB purposes - the System is in financial distress.

Answers to first six questions.

1. System only been in operation over 3 years now. Copy of Sewer Use Ordinance with rates enclosed. No changes in rates or fees since beginning. We are presently reviewing for changes.
2. Included in Seer Use Ordinance attached. Complied by Engineers beginning of operations.
3. Attached. We employ LBC Utility District for billing/collection services.
4. Attached.
5. Attached.
6. Attached. Presently reviewing for possible changes.

1. In progress. The City understands the situation and plans to move forward with rate increases and fees to remedy the situation. However, with the limited number of sewer customers, this situation may require several years of increases. We are also currently reviewing the depreciation schedule and fixed assets insuring our depreciation is correctly valued.
2. The Board of Alderpersons set the rates and fees. The City has steps in progress to form a sewer committee but this committee will report to the board.
3. Current Customers: 265 Metered: 198 Unmetered (Well user or Not on sewer but within 300'): 67  
Residential metered: 183 Residential (Non-Metered): 67 Commercial: 15
4. Top 10 Customers: 20% - Only 5 of the top 10 users are Commercial Accounts represent: 13.05%  
All of the 15 Commercial Accounts represent: 16.8%
5. Yes. Work in progress.
6. The engineering firm used for design recommended the present rates to the Board.
7. Yes. We have a rate/fee sheet (attached). Billing is contracted out to LBC Utility District, water provider. Adjustments for sewer is only allowed if the leak does not enter the sewer system. LBC handles this.
8. Rates and fees were set at public meetings and printed in the local paper in the beginning. Customers signing up for water service in the Blaine area that are on the sewer system are given a rate/fee sheet by LBC.
9. We have not done this in the past. We can do this annually if required. Rates and Fees are posted on LBC Utility Web Site (LBC provides billing/collection)
10. Yes...Reviewing Present Policy now.
11. We have not. We cannot justify. We will comply with annual reviews.
12. NO
13. Sewer is only adjusted if the water leak does not go down the sewer and is not treated.
14. Not in the Sewer Department
15. Not at this time in the Sewer Department.
16. No
17. The City of Blaine only provides sewer service. LBC Utility is the water provider.
18. N/A
19. Board meets monthly on the 3<sup>rd</sup> Monday of each month at City Hall. All meetings are published in the local paper and posted at City Hall. All meetings are open to the public.

11. Do you review your capital asset list?
  - a. If so, please indicate the frequency it is reviewed (annually, semi-annually, etc.) and who reviews this list.
  - b. If you do not review your capital asset list, please justify why you do not.
12. Do you have any environmental issues currently or forthcoming that will put a financial burden on the system?
13. Do you have a leak adjustment policy?
  - a. If so, what is the average yearly amount adjusted in gallons, cost to produce (or purchase), and lost revenue?
  - b. Please attach a copy of the policy.
14. Have you, or do you plan to incur any new debt during the current fiscal year?
  - a. If so, please provide a detailed explanation.
15. Have you, or do you plan to receive any grants or capital contributions during the current fiscal year?
  - a. If so, please provide a detailed explanation.
16. Have you applied for grants that will be received over the next two years?
  - a. If so, please provide a detailed explanation.
17. Do you produce or purchase your water supply?
  - a. If you produce your own water,
    - i. What is the cost per thousand to produce?
    - ii. Do you have any wholesale customers?
      1. Do you have written contracts with those customers?
  - b. If you buy your water,
    - i. What is the cost per thousand?
    - ii. Do you have a long-term contract in place?
18. What is your current non-revenue water percentage?
  - a. Do you have any plans for improving your non-revenue water percentage?
  - b. If so, please provide a detailed explanation.
19. With respect to your governing board, how frequently do you meet and what is your practice of providing notice of your meetings?

For your information: Pursuant to Tenn. Code Ann. § 10-7-503(g), beginning July 1, 2017 every governmental entity must establish and adopt a written public records policy. For more information visit: <http://www.comptroller.tn.gov/openrecords/>

*I hereby certify that the information provided is true and correct to the best of my knowledge.*

Signature: *Saboy McElroy* Title: *Meyer* Date: *4-11-18*

**Please mail, e-mail, or fax copies of any documentation to:**

**Water & Wastewater Financing Board  
 ATTN: John Greer  
 Cordell Hull Building  
 425 Fifth Avenue North  
 Nashville, Tennessee 37243  
 Phone: (615) 747-5260  
 Fax: (615) 741-1551  
 utilities@cot.tn.gov**



Trial Balance  
APRIL 11, 2018

412 SEWER

Funct-Obj-Fnd-Centr-Obj	Sub Cost Sub	Account Name	Beginning Fiscal Year Balance	Y-T-D Debit	Y-T-D Credit	Ending Balance
11211		CASH IN BANK - OPERATING ACCOU	0.00	12,369.82	12,369.82	0.00
11218		SEWER OPERATING ACCOUNT	49,169.50	180,711.22	149,337.61	80,543.11
13221		ACCOUNTS RECIEVALBE-SEWER	29,926.52	398,266.41	422,783.08	5,409.85
18200		SEWER SYSTEM	4,062,427.02	0.00	0.00	4,062,427.02
18290		ALLOWANCE FOR DEPRECIATION-SEW	118,743.08-	0.00	0.00	118,743.08-
TOTAL ASSETS			4,022,779.96	591,347.45	584,490.51	4,029,636.90
21120		ACCOUNTS PAYABLE	2,848.27-	0.00	0.00	2,848.27-
23131		REVENUE BONDS PAYABLE - NO 1	679,514.00-	0.00	0.00	679,514.00-
23132		REVENUE BONDS PAYABLE - NO 2	1,289,585.78-	0.00	0.00	1,289,585.78-
28000		RETAINED EARNINGS	2,050,831.91-	0.00	0.00	2,050,831.91-
TOTAL LIABILITIES			4,022,779.96-	0.00	0.00	4,022,779.96-
27100		FUND BALANCE	0.00	353,171.61	342,812.13	10,359.48
27100		BUDGET FUND BALANCE	0.00	414,706.00	416,200.00	1,494.00-
TOTAL EQUITIES			0.00	767,877.61	759,012.13	8,865.48
Total SEWER			0.00	1,359,225.06	1,343,502.64	15,722.42

G/L Month: 04 APRIL

Beginning Fund: 412  
Ending Fund: 412

\* End of Report: CITY OF BLAINE \*

## City of Blaine Sewer Rates

The City of Blaine owns and operates the wastewater system and plant located on Milligan Lane in Blaine.

The City of Blaine contracts with the Luttrell Blaine Corryton Utility District to perform the billing and collection for their sewer services and fees. Luttrell Blaine Corryton Utility District has no control or authority in setting policies or rates for the City of Blaine. Luttrell Blaine Corryton Utility District does not maintain or perform any maintenance for the City of Blaine.

Questions regarding rates or the policies for the City of Blaine's Sewer System should be directed to Blaine City Hall at 865-933-1240. If you require emergency service you can dial the Luttrell Blaine Corryton's number and select option number 4. You will be directed to one of Blaine's service personal.

### Rates and fees for the City of Blaine Sewer System

**Present Rate:** \$ 29.00 (minimum bill) for the first 1,000 gallons of water used.

All additional gallons of water used are billed at the rate of \$ 15.00 per 1,000 gallon.

**Service Fees:** \$ 100.00 activation charge for new customers (non-refundable).

**Well User:** Present rate is the minimum bill of \$ 29.00. **This rate is under review.**

Any residence within 300 feet of the main sewer line shall be accessed the minimum bill even if they are not connected to the City of Blaine's sewer system.

New Service (tank Installation):

1. Residence on same side of road as sewer line: \$ 4,500.00. This includes installation of the E-1 Pumping Station and the tap to the main sewer line. The customer is responsible for the sewer line installation from the residence to the E-1 Pumping Station.
2. Residence on opposite side of road as sewer line requiring road bore: \$ 4,500.00 plus the cost of the road bore (estimated at \$ 500.00). This includes installation of the E-1 Pumping Station and the tap to the main sewer line. The customer is responsible for the sewer line installation from the residence to the E-1 Pumping Station.
3. Commercial Account: Each installation shall be performed on a cost plus 15% basis. The actual cost shall be determined by the type of installation required (single, duplex, ect..). Contact the City of Blaine at 865-933-1240 for additional information.

The City of Blaine is presently reviewing their rates and fees with changes pending. Blaine will publish any rate changes in the Grainger Today and they shall be posted at Blaine City Hall and at the Luttrell Blaine Corryton Utility District' Main Office.

The City of Blaine's Board of Alderperson's meet on the 3<sup>rd</sup> Monday of each month at 7:00 PM at Blaine City Hall located at 220 Indian Ridge Road in Blaine.

**Disconnection of Service for Non-Payment:** The City of Blaine Contracts with the Luttrell Blaine Corryton Utility District for billing and collection. Under this agreement the Luttrell Blaine Corryton Utility District shall disconnect the water to the residence for non-payment of the sewer bill. Once disconnected the full bill plus any reconnection fees must be paid before the service can be restored.



LUTTRELL-BLAINE-CORRYTON  
UTILITY DISTRICT  
Dedicated to providing quality water & services to its customers

Select Page



## Blaine Sewer Rates

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## Contact

phone | 865.992.8611

Water Emergency | 865.992-8611 (Option 5)

Sewer Emergency (Luttrell,Plainview,Corryton | 865.274.8274

Sewer Emergency (Blaine) | 865.221.9336

fax | 865.992.9781

email | LBCUD@comcast.net

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Board meetings are held on the 1st Tuesday of each month at 4:30 PM

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ORDINANCE NUMBER O-04-10

SEWER USE ORDINANCE  
SEWER RATES, FEES AND CHARGES

Public Hearing Date: Oct. 18, 2010

Passed 1<sup>st</sup> Reading: Sept. 20, 2010

Passes 2<sup>nd</sup> Reading: Oct. 18, 2010

  
\_\_\_\_\_  
Mayor

ATTEST:  
  
\_\_\_\_\_  
City Recorder

# Celina



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: City of Celina**

On March 29, 2018 the Board voted to order Celina to comply with the following:

- 1. The City shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study that includes the following:**
  - a. Creation of a capitalization policy;**
  - b. Creating/reviewing the capital asset list;**
  - c. Creating/implementing a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs);**
  - d. A review of the leak adjustment policy;**
- 2. The City shall provide an update to Board staff with the completed rate study and an implemented or proposed plan of action by August 31, 2018.**

Celina has provided staff a rate study performed by TAUD (attached), but the rates provided to TAUD were not accurate. They have not created a capitalization policy, reviewed their capital asst list, created a five-year capital asset budget or reviewed their leak adjustment policy. The City has also not submitted a plan of action to staff.

**Staff Recommendation:**

Order Celina to do the following:

- 1. By December 31, 2018, the City shall request the Municipal Technical Advisory Service, the Tennessee Association of Utility Districts or another qualified expert to:**
  - a. complete a rate analysis of the sewer system,**
  - b. update the completed water rate analysis to include the four-tiered water rate structure,**
  - c. create and develop a plan of implementation of a model capitalization policy,**
  - d. create a capital asset list,**
  - e. create and develop a plan of implementation of a five-year capital asset budget, and**
  - f. review the leak adjustment policy.**
- 2. The City shall justify the higher rates for outside customers and if the rates cannot be justified, the City shall have one flat rate for all residential customers and one flat rate for all commercial customers.**
- 3. The City shall implement the recommendations of the updated water rate analysis and the sewer rate analysis by February 28, 2019.**
- 4. The City shall send financial updates to staff by March 1 and September 1 of each year, beginning March 1, 2019, until the Board releases the City from its oversight.**



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Optional (1 or 2)**

- 1. Add language to the order requiring the attendance of the mayor and council at the next WWFB meeting should they fail to comply with the Board's directives, or**
- 2. Add language to the order requiring staff to submit the case to the Attorney General's office for enforcement pursuant to Tenn. Code Ann. § 68-221-1010(c).**





JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 16, 2018

The Honorable Joe Rich  
Town of Celina  
330 Dow Ave  
P.O. Box 449  
Celina, TN 38551

Dear Mayor Rich,

The Town's financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

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

Sincerely,

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

John Greer  
Technical Secretary

**enclosure**

cc: (w/o encl.) Mr. Clifton E. Boles



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**BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD**

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**IN THE MATTER OF:**

**T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
CITY OF CELINA**

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**ORDER**

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Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the City of Celina (the "City"). Based on the deficiencies in the City's water and wastewater fund, the Board directs the City to comply with the following corrective action plan:

1. The City shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:
  - a. Creation of a capitalization policy;
  - b. Creation or review of the capital asset list;
  - c. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs); and
  - d. A review of the leak adjustment policy.
2. The City shall provide an update to Board staff with the completed rate study, policy recommendations, five-year capital asset budget and an implemented or proposed plan of action by August 31, 2018.

Entered this 17<sup>th</sup> day of April 2018.

---

Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

July 23, 2018

## **CELINA, TENNESSEE**

### **Issues**

You are operating at a net loss for the last two years and have been referred to the State of Tennessee Water & Wastewater Finance Board (WWFB). Rates will need to be adjusted in order to be in compliance. See page 7 for additional information.

According to available audits, rates have not increased as far back as 2011. Rates need to be raised every year to stay ahead of inflation, capital expenditures and routine maintenance.

Cash should be at least 1x operating expenses for one year for best practices. This provides for emergency expenditures and unplanned expenditures. There is insufficient cash for best practices. As of 6/18/18, operating expenditures were \$1,270,301 and unrestricted cash was \$402,741. Cash was below best practices by \$867,560. Please see page 3 for additional information.

You indicated possible purchase of new meters and meter software and handhelds. How will this be paid for? Have you anticipated the new depreciation on these assets. There are other assets on your depreciation schedule coming to the end of their life. What plans do you have to replace these? See page 9 for additional information.

The debt ratio has been below the recommended ratio of 1.2 since 2013. Maintaining a ratio of 1.2 is a required part of your bond covenants and this is a violation of your loans. See page 4 for additional information.

### **Solution**

Rates need to be reviewed every year to provide for future projects, new debt, depreciation and just simple cost of inflation. You indicated there was not any capital projects needed. The City has several capital assets on the depreciation coming to the end of their life. What plans do you have to replace those?

We always recommend lowering the minimum usage over time. This has been discussed at the State level to not include free water in the minimum bill, so you would be ahead of the game. This would create a conservation of resources and basic wear and tear on the system.

We recommend increasing your minimum bill to \$16.00 and including 0 gallons. We also recommend increasing your variable bill to \$8.25 / 1,000 gallons. This will increase your revenue by approximately \$337,000 per year. This may seem like an extreme increase, but keep in mind that rates have not been raised since 2011. By raising rates, you will be in the "black" and in compliance with the WWFB. Please see page 5-6 for additional details.

It is also suggested to increase rates based on the attached Consumer Price Index (CPI) schedules. Attached is a sample of a resolution that can be used to raise rates based on CPI schedules. As expenses automatically increase over time as reflected in an inflation rate or CPI. It is easier to have a small increases every year rather than a large increase in rates all at once.

There also needs to be contingencies for staff replacement issues. Is there a succession plan and an organization chart? Procedures and budgets for hiring, firing and retiring. If someone is retiring, how long would it take to train the new employee before the other employee leaves? This creates temporary double salaries, cost of licensing, benefits, training, etc. There could be a minimum of 6 months dual salary and benefit costs.

Tennessee law has passed a law that will not allow capital contributions in determining net income. Please be aware that capital contributions and grants provided needed cash for new projects and developments. This may not always be the case in the future and plans need to be made to fund future activities. Please refer to TCA Code 7-82-401.

Tennessee law also states that members of Municipal boards shall attend a minimum of 12 hours of training and continuing education within the first year of initial election or re-election and 12 hours every three years after that. Records must be kept and there are stiff penalties for not doing this. Please refer to TCA Code 7-34-115.

Please let us know of questions and thoughts including the consumer price index information.

Thank you,

Mark L. Butler  
Melanie Sain

**CELINA, TENNESSEE**

**BEST PRACTICE - CASH**

	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	UNAUDITED <u>6/18/2018</u>
Operating Expenditures	\$ 1,302,819	\$ 1,300,722	\$ 1,409,658	\$ 1,355,535	\$ 1,319,916	\$ 1,270,301
Total Cash & Investments	<u>233,511</u>	<u>144,412</u>	<u>199,637</u>	<u>256,858</u>	<u>348,964</u>	<u>402,741</u>
Difference	<u>(1,069,308)</u>	<u>(1,156,310)</u>	<u>(1,210,021)</u>	<u>(1,098,677)</u>	<u>(970,952)</u>	<u>(867,560)</u>
Cash - Restricted	<u>\$ -</u>	<u>\$ 155,871</u>	<u>\$ 124,588</u>	<u>\$ 48,908</u>	<u>\$ 98,510</u>	<u>\$ 81,572</u>
Restricted Cash for debt service reserve fund (DSRF)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actually DSRF needed	<u>\$ 266,718</u>	<u>\$ 272,207</u>	<u>\$ 288,788</u>	<u>\$ 289,652</u>	<u>\$ 249,500</u>	<u>\$ 249,500</u>
Restricted Cash Over (Under)	<u>\$ (266,718)</u>	<u>\$ (272,207)</u>	<u>\$ (288,788)</u>	<u>\$ (289,652)</u>	<u>\$ (249,500)</u>	<u>\$ (249,500)</u>

NOTE: Total Cash & Investments (for determining best practices) does NOT include cash that is restricted. Restricted funds are designated for

NOTE: Best practices encourage cash to be at least 1x operating expenses. Cash has been below this level since 2013 and possible before that.

NOTE: This includes both water & sewer funds. True separation of these expenses allows proper maintenance and expenses and rate setting.

CELINA, TENNESSEE

DEBT SERVICE COVERAGE

	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	UNAUDITED <u>6/30/2018</u>
Revenue:						
Sales	\$ 1,110,071	\$ 1,131,159	\$ 1,172,646	\$ 1,142,455	\$ 1,187,710	\$ 1,264,364
Other Revenue	22,696	24,325	29,664	39,347	29,687	57,418
Interest Income	478	442	420	625	501	522
Capital Contributions/Grants	855,447	271,128	454,910	527,582	77,903	432,705
Total Revenue	<u>1,988,692</u>	<u>1,427,054</u>	<u>1,657,640</u>	<u>1,710,009</u>	<u>1,295,801</u>	<u>1,755,009</u>
Expenses						
Operating Expenses	1,302,819	1,300,722	1,409,658	1,355,535	1,319,916	1,270,301
Other Expenses	-	-	-	-	-	-
Interest Expense	117,299	116,449	111,973	96,329	131,832	131,832
Depreciation	(402,173)	(459,884)	(473,836)	(491,581)	(492,595)	(492,595)
Total Expenses	<u>1,017,945</u>	<u>957,287</u>	<u>1,047,795</u>	<u>960,283</u>	<u>959,153</u>	<u>909,538</u>
Net Revenue	<u>970,747</u>	<u>469,767</u>	<u>609,845</u>	<u>749,726</u>	<u>336,648</u>	<u>845,471</u>
CAPITAL CONT/GRANTS NOT INCLUDED	<u>(855,447)</u>	<u>(271,128)</u>	<u>(454,910)</u>	<u>(527,582)</u>	<u>(77,903)</u>	<u>(432,705)</u>
Net Revenue Available for Debt Service	<u>115,300</u>	<u>198,639</u>	<u>154,935</u>	<u>222,144</u>	<u>258,745</u>	<u>412,766</u>
Annual Debt Service	<u>\$ 266,718</u>	<u>\$ 272,207</u>	<u>\$ 288,788</u>	<u>\$ 289,652</u>	<u>\$ 249,500</u>	<u>\$ 249,500</u>
Debt Service Coverage	<u>0.43 X</u>	<u>0.73 X</u>	<u>0.54 X</u>	<u>0.77 X</u>	<u>1.04 X</u>	<u>1.65 X</u>

NOTE: The water system has been below the required 1.2 ratio since 2013 and possibly before then. The unaudited amounts show debt ratio at 1.65, but that could change.

NOTE: The amounts are for both water & sewer funds.

NOTE: General fund borrowed money from the Enterprise fund. What is this for? When will this be paid back?

CELINA, TENNESSEE

**SUMMARY OF CURRENT RATES**

<u>WATER RATES</u>	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
Minimum Bill - First 1,500 Gallons	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00
Over 1,500 Gallons	\$6.25 / 1,000 gallons	\$6.25 / 1,000 gallons	\$6.25 / 1,000 gallons	\$6.25 / 1,000 gallons	\$6.25 / 1,000 gallons
Water # of Taps	1925	1937	1945	1953	1963
	1886 per City				

<u>SEWER RATES</u>					
Minimum Bill - First 1,500 Gallons	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Over 1,500 Gallons	\$4.10 / 1,000 gallons	\$4.10 / 1,000 gallons	\$4.10 / 1,000 gallons	\$4.10 / 1,000 gallons	\$4.10 / 1,000 gallons
Sewer # of Taps	745	756	767	772	779

NOTE: The rates are the same for residential, commercial & industrial.

NOTE: The current rates and structure were put into effect by City Alderman as advised by the State in 2010.

NOTE: Your top ten customer list consumed 41,690,252 gallons of water for the fiscal year ending 6/30/18. This is 32.4% of your gallons used. When was the last time those meters were calibrated/tested? This should be done at least twice per year.

<u>REVENUE THAT SHOULD BE GENERATED UNDER CURRENT RATES</u>		
	<u># of Gallons</u>	<u>Amount</u>
Minimum Bill (1,886 customers x \$15.00 x 12 months)	9,319,562	339,480.00
Variable bill (119,076,777/1000 x \$6.25)	119,076,777	744,229.86
TOTAL	128,396,339	1,083,709.86

<u>ADDITIONAL REVENUE GENERATED IF 0 GALLONS INCLUDED IN MINIMUM UNDER CURRENT VARIABLE RATE</u>	<u># of Gallons</u>	<u>Amount</u>
Additional Revenue (9,319,562 gallons/1,000 * \$6.25)	9,319,562	58,247.26 additional revenue

<b>IF MINIMUM BILL INCREASED BY \$1.00 AND VARIABLE BILL INCREASED BY \$1.00</b>		
	<u># of Gallons</u>	<u>Amount</u>
Minimum Bill (1,886 customers x \$1.00 x 12 months)	9,319,562	22,632.00
Variable bill (119,076,777/1000 x \$1.00)	119,076,777	119,076.78
<b>TOTAL</b>	<b>128,396,339</b>	<b>141,708.78</b>

additional revenue

<b>IF MINIMUM BILL INCREASED BY \$1.00 WITH NO GALLONS INCLUDED AND VARIABLE BILL INCREASED BY \$2.00</b>		
	<u># of Gallons</u>	<u>Amount</u>
Additional Revenue by including 0 gallons	9,319,562	76,886.39
Minimum Bill (1,886 customers x \$1.00 x 12 months)	n/a	22,632.00
Variable bill (119,076,777/1000 x \$2.00)	119,076,777	238,153.55
<b>TOTAL</b>	<b>128,396,339</b>	<b>337,671.94</b>

additional revenue



**CELINA, TENNESSEE**

A Water System that is "financially distressed" shall be subject to the supervision and evaluation of the Water & Wastewater Finance Board (WWFB). A "financially distressed water system" is a system or systems, that, as shown by the audited annual financial reports, has either a deficit in total net position, is in default on an indebtedness, or has a negative change in net position for two (2) consecutive years without regard to any grants or capital contributions. For purposes of this section, a "change in net position" means total revenues less all grants, capital contributions, and expenses. See TN Annotated Code 7-34-115 for more information.

	<u>6/30/2016</u>	<u>6/30/2017</u>
Total Revenues	1,710,009	1,295,801
Less Total Expenses	(1,451,864)	(1,451,748)
Less All Grants & Capital Contributions	<u>(527,582)</u>	<u>(77,903)</u>
Change in Net Position	<u>(269,437)</u>	<u>(233,850)</u>
Net Position	<u>10,647,409</u>	<u>10,491,462</u>

NOTE: For WWFB purposes - the System is in financial distress.

**CELINA, TENNESSEE**

<u>Water Loss Schedule</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
Water Supplied (in mg/yr)	183.251	181.812	182.740
Authorized Consumption (in mg/yr)	98.994	95.789	94.923
Water Losses (in mg/yr)	84.257	86.023	87.817
Percentage of Loss	46.0%	47.3%	48.1%

Water Audit Validity Score (out of 100)	72	79	80
Non-Revenue Water as % of Cost of Operating System	13.1%	13.8%	12.2%
Non-Revenue Water as a % by Volume of Water Supplied	48.4%	79.2%	48.3%
Water Losses as a % of Authorized Consumption	85.11%	89.80%	92.51%
	(84.257/98.994)	(86.023/95.789)	(87.817/94.923)

**Utilities will be referred to the Waste Water Finance Board based on:**

- A. Incomplete AWWA water audit submitted anytime on or after January 1, 2013;
- B. For audits received by the Comptroller of the Treasury from 1/1/2015 to 12/31/2016 - Validity score of 70 or less or non-revenue water as a percent by cost of operating system of 25% or greater;
- C. For audits received by the Comptroller of the Treasury from 1/1/2017 to 12/31/2018 - Validity score of 75 or less or non-revenue water as a percent by cost of operating system of 20% or greater;
- D. For audits received by the Comptroller of the Treasury from 1/1/2019 to 12/31/2020 - Validity score of 80 or less or non-revenue water as a percent by cost of operating system of 20% or greater.

NOTE: The City has been at a 30% or higher water loss since available data since 2009.

**CELINA, TENNESSEE**

**Capital Planning**

Depreciation on Prior Assets \$ 492,595

NOTE: You indicated the City has discussed purchasing new water meters and water software. These items will need to be figured into the budget and depreciation expense. How will these be paid for? Itemized costs on the depreciation schedule does not account for inflation.

**There are several items on your depreciation schedule that are nearing the end of their life: Do you have plans for replacement?**

	<u>Original Cost</u>	
Sewer Plant	2,601,363	(these items have around 1/3 life left)
Sewer Collection System	1,442,529	(these items have around 1/3 life left)
Boat Dock System	338,098	(these items have around 1/3 life left)
Pumps	259,578	(these items have around 1/3 life left)
5-10 Year Equipment	163,481	(completely depreciated)
Water System & Distribution	6,092,538	(these items have around 1/2 life left)

NOTE: Sewer plant additions on the depreciation schedule are being depreciated over 40 years. This is too long. They should be depreciated over 5 years for a chlorine conversion.

**CELINA, TENNESSEE**

**LEAK ADJUSTMENTS FOR 3 YEARS**

Leak Adjustments  
7/2015 - 6/2018

24,081.70

**CPI-All Urban Consumers (Current Series)  
12-Month Percent Change**

**Series Id:** CUUR0000SA0

**Not Seasonally Adjusted**

**Series Title:** All items in U.S. city average, all urban consumers, not

**Area:** U.S. city average

**Item:** All items

**Base Period:** 1982-84=100

**Years:** 2008 to 2018

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	4.3	4.0	4.0	3.9	4.2	5.0	5.6	5.4	4.9	3.7	1.1	0.1
2009	0.0	0.2	-0.4	-0.7	-1.3	-1.4	-2.1	-1.5	-1.3	-0.2	1.8	2.7
2010	2.6	2.1	2.3	2.2	2.0	1.1	1.2	1.1	1.1	1.2	1.1	1.5
2011	1.6	2.1	2.7	3.2	3.6	3.6	3.6	3.8	3.9	3.5	3.4	3.0
2012	2.9	2.9	2.7	2.3	1.7	1.7	1.4	1.7	2.0	2.2	1.8	1.7
2013	1.6	2.0	1.5	1.1	1.4	1.8	2.0	1.5	1.2	1.0	1.2	1.5
2014	1.6	1.1	1.5	2.0	2.1	2.1	2.0	1.7	1.7	1.7	1.3	0.8
2015	-0.1	0.0	-0.1	-0.2	0.0	0.1	0.2	0.2	0.0	0.2	0.5	0.7
2016	1.4	1.0	0.9	1.1	1.0	1.0	0.8	1.1	1.5	1.6	1.7	2.1
2017	2.5	2.7	2.4	2.2	1.9	1.6	1.7	1.9	2.2	2.0	2.2	2.1
2018	2.1	2.2	2.4	2.5	2.8	2.9						

RESOLVED, effective for billings for water delivered in the month of \_\_\_\_\_, 201\_ and for the month of \_\_\_\_\_ of each year thereafter through 20\_\_, the volumetric (per/1,000 gallons) rates of the District shall be increased by the sum of (a) \_\_\_\_ percent, plus (b) any positive 12-month percent change in the most recently reported consumer price index (All Urban Consumers (CPI-U) for the U.S. City Average for All Items, 1982-84=100), rounded up to the nearest whole percentage; and

RESOLVED FURTHER, that such rate increases shall be implemented without further action of the Board of Commissioners; and

RESOLVED FURTHER, that the amount of each annual increase shall be announced at a public meeting of the Board of Commissioners of the District, and proper notice thereof shall be provided as required by applicable law.

# **Cheatham County**



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case:** Cheatham County Water and Wastewater Treatment Authority

**Staff Summary:**

On March 29, 2018, the Board voted to order the Cheatham County Wastewater Treatment Authority to comply with the following:

1. **The Authority shall bring in assistance from the County Technical Advisory Service, Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and aid with the following:**
  - a. **Creation of a capitalization policy; and**
  - b. **Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs);**
2. **The Authority shall provide an update to Board staff with the completed rate study, policy recommendations, five-year capital asset budget and an implemented or proposed plan of action by August 31, 2018.**

Effective February 1, 2018, rates were raised to \$20.00 for the minimum bill that includes 1,000 gallons, and \$20.00 per 1,000 gallons treated.

The Authority did comply with the order, but due to a lack of information, TAUD was unable to provide a comprehensive rate analysis originally. The updated rate study is presented in the Board packet verifies that the new rates effective February 2018 will provide sufficient revenue for the foreseeable future.

**Staff Recommendation:**

1. **The Authority shall send financial updates to staff by March 1 and September 1 of each year, beginning March 1, 2019, until the Board releases the Authority from its oversight.**





JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 16, 2018

Mr. Franklin J. Luppe  
Cheatham County Water & Wastewater Authority  
6312 Hwy 41A  
Suite 105  
Pleasant View, TN 37146

Dear Mr. Luppe,

Cheatham County Water & Wastewater Authority's financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "John Greer", is written over a blue ink scribble.

John Greer  
Technical Secretary

**Enclosure**

Cc: (w/o enlc.) Chairman Jerry Hamlin



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BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD

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IN THE MATTER OF:

T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
CHEATHAM COUNTY WATER AND WASTEWATER TREATMENT AUTHORITY

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ORDER

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Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the Cheatham County Water and Wastewater Treatment Authority (the "Authority"). Based on the deficiencies in the Authority's wastewater fund, the Board directs the Authority to comply with the following corrective action plan:

1. The Authority shall bring in assistance from the County Technical Advisory Service, Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:
  - a. Creation of a capitalization policy; and
  - b. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs);
2. The Authority shall provide an update to Board staff with the completed rate study, policy recommendations, five-year capital asset budget and an implemented or proposed plan of action by August 31, 2018.

Entered this 17<sup>th</sup> day of April 2018.

Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

**From:** Frank.Luppe  
**To:** John.Greer  
**Cc:** "Jerry Hamlin"; "Hamlin Jerry Wayne"; "Valerie Dreier"; "Debbie Small"; "Eric Lockert"; "David Perez"; "Tamara Beckman"; neal@westengr.com; David Sturtevant  
**Subject:** Cheatham County Water Wastewater Response to Order  
**Date:** Wednesday, September 12, 2018 9:42:03 AM  
**Attachments:** [Cheatham County Water Wastewater Rate Study.pdf](#)  
[Cheatham County Water Wastewater Capitalization Policy.pdf](#)  
[Cheatham County Water Wastewater Depreciation Schedule Capital Assets Statement.pdf](#)

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Mr. Greer,

Please find attached the following documents:

- (1) Cheatham County Water & Wastewater Authority Summary of Rate Analysis – Prepared by Tennessee Association of Utility Districts. As additional information, the minimum rate was increased to \$20.00 as of February, 2018. It does not appear that this increase was taken into account by TAUD. This should provide adequate funding for operations in the foreseeable future;
- (2) Cheatham County Water Wastewater Authority Capitalization Policy;
- (3) Cheatham County Water Wastewater Depreciation Schedule and statement by the Authority that there are no capital asset purchases anticipated in the next five (5) years.

If you have any questions, please let me know.

Frank

Franklin J Luppe, CPA, CFE  
6312 Highway 41A Suite 105  
Pleasant View, TN 37146  
(615) 746-4632  
secure fax line: (866) 724-7820



\*\*\*\*\*  
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**From:** John Greer [mailto:John.Greer@cot.tn.gov]  
**Sent:** Thursday, March 08, 2018 10:27 AM  
**To:** John Greer <John.Greer@cot.tn.gov>  
**Cc:** Lauren Cecil <Lauren.Cecil@cot.tn.gov>  
**Subject:** Free Utility Training

The Tennessee Comptroller's Office is pleased to offer Free Utility Training for board members of municipalities, counties and authorities who oversee a water and/or wastewater system. We are hosting a free training event at our Nashville office on May 18, 2018. The training is approved for 6 hours of municipal board member and Certified Municipal Finance Officer credit.

Please view the attached agenda and register using the link below:  
<https://www.surveymonkey.com/r/32ZK7BW>

If you have questions about the training requirement for municipal, county or authority board members, please view the [FAQ on our website](#) or call (615) 747-5260 for more information.

Please feel free to share this message with anyone who might be interested in this free training opportunity.

Thank you,  
John Greer  
Utilities Specialist

**Please note our new address:**

**Tennessee Comptroller of the Treasury  
Division of Administration  
Fourth Floor Cordell Hull Building  
425 Fifth Avenue North  
Nashville, TN 37243-3400**



Virus-free. [www.avast.com](http://www.avast.com)

October 29, 2018

**CHEATHAM COUNTY WATER & WASTEWATER AUTHORITY**  
**SUMMARY OF RATE ANALYSIS**

**ISSUES**

The Cheatham County Water & Wastewater Authority ("the Authority") has operated at a net loss for the last two years and was referred to the State of Tennessee Water & Wastewater Finance Board (WWFB). Rates have been adjusted and the Authority should be in compliance for future years. See page 5 for additional information.

Cash should be at least 1x operating expenses for one year for best practices. This provides for emergency expenditures and unplanned expenditures. There has been sufficient cash for several years. Please remember an emergency or a major repair could eliminate your cash very quickly. Please see page 2 for additional information.

The Authority does not have any debt and has indicated they will not be taking on any new debt in the future.

**SOLUTIONS**

The new rates effective 2/1/2018 will provide adequate revenue. We estimate revenue of \$356,000 on an annual basis based on current gallons treated. This accounts for the 10% administrative fee for Ashland City. This will be an increase of approximately \$236,000 from the prior year. Please keep in mind if gallons treated changes, the revenue generated will also change.

Tennessee law states that members of a Treatment Authority Board shall attend a minimum of 12 hours of training and continuing education within the first year of initial election/appointment or re-election/appointment and 12 hours every three years after that. Records must be kept of the training and Board members of a Treatment Authority Board who do not meet the training requirements are not eligible for re-appointment or re-election.

Please call us with any questions. We look forward to discussing this analysis with you.

Thank you,

Mark L. Butler  
Melanie Sain

**Please Note - Our rate analysis is not to be confused with an in-depth rate study. We perform our analysis based on evaluating past, present and future data provided information. We rely on information included on public audits digitally submitted to the State of Tennessee. Any analysis used for predicting current and future data is provided by you. Some of the data used will be estimated. The data we receive is from the original date of questionnaire up to the date of this summary. This rate analysis is only good for the information provided and for a certain time period, as changes occur frequently.**

**CHEATHAM COUNTY WATER & WASTEWATER AUTHORITY**

**BEST PRACTICE - CASH**

	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	UNAUDITED <u>5/31/2018</u>
Operating Expenditures	\$ 133,486	\$ 136,432	\$ 165,947	\$ 154,681	\$ 122,842	\$ 105,956
Total Cash & CD's	<u>539,792</u>	<u>835,954</u>	<u>875,884</u>	<u>296,204</u>	<u>415,840</u>	<u>466,114</u>
Difference	<u>406,306</u>	<u>699,522</u>	<u>709,937</u>	<u>141,523</u>	<u>292,998</u>	<u>360,158</u>

NOTE: Total Cash & CD's (for determining best practices) does NOT include cash that is restricted. Restricted funds are designated for a specific purpose and should not be used for operating expenditures. The Water Authority does not have any restricted cash.

NOTE: Cash is above best practices to have 1x operating expenses.

**CHEATHAM COUNTY WATER & WASTEWATER AUTHORITY**

**SUMMARY OF RATES AND GALLONS TREATED**

EFFECTIVE  
2/1/2018

Minimum Charge (1,000 gallons included)      \$20.00 PER MONTH  
Over 1,000 gallons                                      \$20.00 / 1,000 gallons

*NOTE: ASHLAND CITY BILLS SEWER CHARGES TO BUSINESS LOCATED IN THE INDUSTRIAL PARK.  
CHARGES ARE REMITTED TO THE AUTHORITY LESS A 10% FEE. GALLONS TREATED IS FOR THE PERIOD 7/1/16 - 6/30/17.*

<b>Yearly Income To Be Generated Under Rates Effective 2/1/2018 -</b>	<b>Gallons Treated</b>	<b>Minimum Bill (\$20.00 x 12 months includes 1,000 gallons per month</b>	<b>Variable Bill \$20.00/1000 gallons 1,000 gallons and up</b>	<b>Total Revenue</b>
AllWest Recycling	671,768	\$ 240.00	\$ 13,195.36	\$ 13,435.36
Gary Binkley Storage	139,037	\$ 240.00	\$ 2,540.74	\$ 2,780.74
Gate Bluegrass Precast	5,517,045	\$ 240.00	\$ 110,100.90	\$ 110,340.90
Jarrett Concrete Product	271,444	\$ 240.00	\$ 5,188.88	\$ 5,428.88
Madison Mill	946,601	\$ 240.00	\$ 18,692.02	\$ 18,932.02
Nashville Ready Mix	-	\$ 240.00	\$ -	\$ 240.00
RE West	585,568	\$ 240.00	\$ 11,471.36	\$ 11,711.36
State of TN National Guard	52,703	\$ 240.00	\$ 814.06	\$ 1,054.06
Temple Inland	279,065	\$ 240.00	\$ 5,341.30	\$ 5,581.30
TN Wire & Cable	307,580	\$ 240.00	\$ 5,911.60	\$ 6,151.60
Trinity Industries	10,272,637	\$ 240.00	\$ 205,212.74	\$ 205,452.74
Triton Boat Co	130,528	\$ 240.00	\$ 2,370.56	\$ 2,610.56
Trusscraft	636,689	\$ 240.00	\$ 12,493.78	\$ 12,733.78
	<b>19,810,665</b>	<b>\$ 3,120.00</b>	<b>\$ 393,333.30</b>	<b>\$ 396,453.30</b>

subtract 10% - 39,645  
\$356,808 estimated revenue  
to Cheatham Co.

**CHEATHAM COUNTY WATER & WASTEWATER AUTHORITY**

Current Depreciation \$ 38,232

**Capital Planning**

The Authority indicated no immediate plans for capital assets. Please be aware that there may be unexpected equipment needed or costly repairs or maintenance issues.

**CHEATHAM COUNTY WATER & WASTEWATER AUTHORITY**

A Water or Sewer System that is "financially distressed" shall be subject to the supervision and evaluation of the Water & Wastewater Finance Board (WWFB). A "financially distressed water system" is a system or systems, that, as shown by the audited annual financial reports, has either a deficit in total net position, is in default on an indebtedness, or has a negative change in net position for two (2) consecutive years without regard to any grants or capital contributions. For purposes of this section, a "change in net position" means total revenues less all grants, capital contributions, and expenses.

	<u>6/30/2016</u>	<u>6/30/2017</u>
Total Revenues	963,823	114,505
Less Total Expenses	(232,907)	(122,848)
Less All Grants & Capital Contributions	(843,000)	-
Change in Net Position	<u>(112,084)</u>	<u>(8,343)</u>
Net Position	<u>1,751,076</u>	<u>1,742,733</u>

NOTE: For WWFB purposes - the Authority is in financial distress.



CHEATHAM COUNTY WATER WASTEWATER AUTHORITY

ASHLAND CITY, TN

CAPITALIZATION POLICY

Capitalization of Equipment

A. All tangible personal property with a useful life of more than one year and a unit acquisition cost of \$5,000 or more will be capitalized and depreciated over its useful life using the straight-line method of depreciation. The Organization will expense the full acquisition cost of tangible personal property below these thresholds in the year of purchase.

B. The basis of accounting for depreciable fixed assets is acquisition cost, and all normal expenditures, including installation costs, architect-engineer fees, etc., of readying an asset for use will be capitalized. However, unnecessary expenditures that do not add to the utility of the asset will be charged to the period incurred.

Impairment of Long-Lived Assets

A recognized impairment of a long-lived asset will be reflected whenever events or circumstances warrant. For disclosure purposes, any recognized impairment loss will be accompanied by a description of the impairment asset or group of assets and the measurement assumptions used in determining the impairment loss.

Accounting for the Costs of Computer Software for Internal Use

A. In conformance with SOP 98-1 the cost of developing computer software intended for internal use should be capitalized after both the following have occurred:

1. Management authorizes and commits to funding a computer software project
2. Conceptual formulation, evaluation and selection of possible software project alternatives have been completed.

B. Capitalizable costs include:

1. External direct costs of materials and services consumed in developing or obtaining internal-use computer software
2. Payroll and payroll-related costs for employees who are directly associated with the internal-use computer software project
3. Interest costs incurred while developing internal-use computer software.

The costs of data conversion from old to new system should be expensed.

C. Capitalization should occur when a computer software project is substantially complete and ready for its intended use.

D. The costs for developing the agency's work site, including the cost of developing services that are offered to visitors (chat rooms, search engines, e-mail, calendars, etc.), shall be accounted for according to SOP 98-1.

#### Self-Constructed Fixed Assets

A. For all long-lived assets constructed by The Organization, the following costs will be capitalized:

1. All direct costs incurred specifically in the construction of the fixed asset
2. Variable overhead and general and administrative costs
3. Interest costs that are material.

B. Fixed overhead costs will not be capitalized unless they are increased by the construction of the asset.

#### Capitalization of Software Development Costs for External or Internal Purposes

The cost of all developed software whether for external or internal purposes will be capitalized from the point of technological feasibility, specifically from the point of development of program specifications/beta-testable software/resaleable/usable software.

#### Environmental Clean-Up Costs

The Organization is committed to complying with all Federal and state environmental laws.

#### Improvements and Betterments to Property, Plant and Equipment

Expenditures for significant improvements, replacements, betterments, additions, renovations and rehabilitations of existing property, plant and equipment are capitalized at cost. The organization has engineering and construction staffs responsible for the majority of plant expansion projects and installation of machinery and equipment. Capitalized costs of projects undertaken internally consist of direct materials, labor and allocated overhead and general and administrative expenses. Maintenance and repairs are expensed as incurred.

Property Insurance in Excess of Acquisition Cost

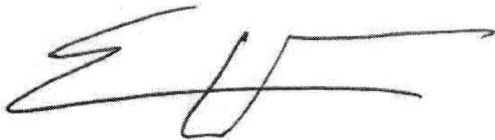
In the event that property insured in excess of acquisition cost is involuntarily converted, the new asset will be valued at the book value of the replaced asset plus or minus adjustments for differences between insurance proceeds and actual replacement costs.

Automated Data Processing Equipment

A lease-versus-payment analysis will be performed annually by The Organization for all automated data processing equipment (ADPE) under an operating lease as defined in Statement of Financial Accounting Standard No. 13. A written justification statement will be prepared for all automatic data processing equipment under operating leases comparing the cost of leasing versus owning such equipment.

Adopted this 16<sup>th</sup> day of August, 2018

Secretary



Cheatham Co. Water/Wastewater  
 Depreciation Schedule  
 June 30, 2017

F-0  
 SLC  
 1/5/2018

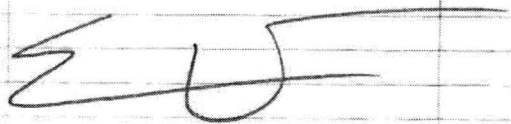
Date	Description	Cost	Mth	Life	6/30/2016		6/30/2017		6/30/2017	
					Deprec Expense	Accum Deprec	Deprec Expense	Accum Deprec	Book Value	Book Value
7/1/2013	Lagoon	50,556.00	SL	20	2,527.80	7,583.40	42,972.60	2,527.80	10,111.20	40,444.80
5/1/2016	Industrial Park Lagoon	1,318,092.32	SL	40	5,492.05	5,492.05	1,312,600.27	32,952.31	38,444.36	1,279,647.96
<b>Subtotal</b>		1,368,648.32			8,019.85	13,075.45	1,355,572.87	35,480.11	48,555.56	1,320,092.76
<b>Grand Total</b>		1,368,648.32			8,019.85	13,075.45	1,355,572.87	35,480.11	48,555.56	1,320,092.76

The above represents current assets owned by the Cheatham Co Water Wastewater Authority.

At this time, there are no capital asset purchases anticipated in the next five (5) years.

Approved by the Cheatham County Water Wastewater Authority on this 16<sup>th</sup> day of August, 2018

Secretary



# Coffee County



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 16, 2018

Ms. Margaret Cunningham  
Coffee County Water & Wastewater Authority  
1329 McArthur St., Ste.1  
Manchester, TN 37355

Dear Ms. Cunningham,

Coffee County Water & Wastewater Authority's financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "John Greer", is written over a blue rectangular stamp.

John Greer  
Technical Secretary

Enclosure



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BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD

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IN THE MATTER OF:

T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
COFFEE COUNTY WATER AND WASTEWATER TREATMENT AUTHORITY

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ORDER

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Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the Coffee County Water and Wastewater Treatment Authority (the "Authority"). The Board directs the following:

1. The financial investigation of the Authority is hereby closed.
2. The Authority shall provide a financial update to Board staff on or before March 1<sup>st</sup> and September 1<sup>st</sup> annually beginning on September 1, 2018, until released from Board oversight.

Entered this 17<sup>th</sup> day of April 2018.

Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

The Water & Wastewater Treatment Authority  
of Coffee County

~~1329 McArthur Street~~ P.O. Box 231  
~~Suite 1~~ Manchester, TN  
~~Manchester, TN 37355~~ 37349



margaretcunningham2013@yahoo.com  
~~931-723-5100~~  
~~Fax 931-723-5152~~  
~~Email: margaret@coffee-county-tx.org~~  
931-703-3215

September 17, 2018

John Greer  
Water & Wastewater Financing Board  
James K Polk State Office Building  
505 Deaderick St., Suite 1700  
Nashville, TN 37243-1402

RE: Coffee County Water and Wastewater Authority Report

Attached are the August 2018 financial reports for the Coffee County Water and Wastewater Authority.

Please NOTE that our address has changed to:

P O Box 231  
Manchester, TN 37349  
Contact Phone: 931-703-3215, Margaret Cunningham

If you need any other information please contact me.

Sincerely,

  
Margaret Cunningham  
Chairman, Coffee County Water & Wastewater Authority



Template Name: Month End  
 Created by: Department of Revenue

Coffee County Accounts and Budgets  
 Statement of Revenues  
 August 2018

User:  
 Date/Time:

Marianna  
 9/12/2018 9:37 AM  
 Page 1 of 1

Fund : 259 Other Enterprise Operations

	Original Est/ Amendments	Total Estimated	YTD Realized	Unrealized	% Realized	Current Revenue
<b>13000 Charges For Current Services</b>						
<b>13100 General Service Charges</b>						
3115 Water Treatment Charges	62,516.00 0.00	62,516.00	(4,633.30)	57,882.70	7.41%	(4,633.30)
3190 Other General Service Charges	28,082.00 0.00	28,082.00	(1,985.70)	26,096.30	7.07%	(1,985.70)
3193 Water Tap Sales	0.00 0.00	0.00	(10,000.00)	(10,000.00)	0.00%	(10,000.00)
<b>Total General Service Charges</b>	<b>90,598.00 0.00</b>	<b>90,598.00</b>	<b>(16,619.00)</b>	<b>73,979.00</b>	<b>18.34 %</b>	<b>(16,619.00)</b>
<b>Total For Fund: 259</b>	<b>90,598.00 0.00</b>	<b>90,598.00</b>	<b>(16,619.00)</b>	<b>73,979.00</b>	<b>18.34 %</b>	<b>(16,619.00)</b>

Coffee County Accounts and Budgets  
 Statement of Expenditures and Encumbrances  
 August 2018

Fund : 259 Sub-Fund:

Object	Cost Center	Sub Object	Original Budget/ Amendments	Total Budget	YTD Expenditures/ Encumbrances	Funds Available	% Used	MTD Actual/ Encumbrance
<b>5900</b>	<b>Other Public Health And Welfare</b>							
07			(744.00)	(744.00)	124.00	(620.00)	16.67%	62.00
	Communication		0.00		0.00			0.00
20			(740.00)	(740.00)	0.00	(740.00)	0.00%	0.00
	Dues And Memberships		0.00		0.00			0.00
21			(4,900.00)	(4,900.00)	650.00	(4,250.00)	13.27%	325.00
	Engineering Services		0.00		0.00			0.00
31			(500.00)	(500.00)	0.00	(500.00)	0.00%	0.00
	Legal Services		0.00		0.00			0.00
61			(424.00)	(424.00)	0.00	(424.00)	0.00%	0.00
	Permits		0.00		0.00			0.00
99			(24,000.00)	(24,000.00)	2,330.70	(21,669.30)	9.71%	0.00
	Other Contracted Services		0.00		0.00			0.00
15			(3,300.00)	(3,300.00)	663.70	(2,636.30)	20.11%	317.51
	Electricity		0.00		0.00			0.00
54			(100.00)	(100.00)	14.00	(86.00)	14.00%	7.00
	Water And Sewer		0.00		0.00			0.00
14			(27,771.00)	(27,771.00)	4,628.48	(23,142.52)	16.67%	2,314.24
	Depreciation		0.00		0.00			0.00
	<b>Total 5900</b>	<b>Other Public Health And</b>	<b>(62,479.00)</b>	<b>(62,479.00)</b>	<b>8,410.88</b>	<b>(54,068.12)</b>	<b>13.46 %</b>	<b>3,025.75</b>
			<b>0.00</b>		<b>0.00</b>			<b>0.00</b>

Template Name: Month End  
 Created by: LGC

**Coffee County Accounts and Budgets  
 Statement of Expenditures and Encumbrances  
 August 2018**

User:  
 Date/Time:

Marianna  
 9/12/2018 9:37 AM  
 Page 3 of 3

Fund : **259** Sub-Fund:

Object	Cost Center	Sub Object	Original Budget/ Amendments	Total Budget	YTD Expenditures/ Encumbrances	Funds Available	% Used	MTD Actual/ Encumbrance
<b>Total For Fund:</b>	<b>259</b>		(90,561.00)	(90,561.00)	13,091.12	(77,469.88)	14.46 %	5,365.87
			0.00		0.00			0.00

Template Name: Month End  
 Created by: LGC

**Coffee County Accounts and Budgets  
 Statement of Expenditures and Encumbrances  
 August 2018**

User:  
 Date/Time:

Marianna  
 9/12/2018 9:37 AM  
 Page 2 of 3

Fund : **259** Sub-Fund:

Object	Cost Center	Sub Object	Original Budget/ Amendments	Total Budget	YTD Expenditures/ Encumbrances	Funds Available	% Used	MTD Actual/ Encumbrance
<b>82110</b>		<b>General Government</b>						
012			(28,082.00)	(28,082.00)	4,680.24	(23,401.76)	16.67%	2,340.12
		Principal On Other Loans	0.00		0.00			0.00
<b>Total 82110</b>		<b>General Government</b>	<b>(28,082.00)</b>	<b>(28,082.00)</b>	<b>4,680.24</b>	<b>(23,401.76)</b>	<b>16.67 %</b>	<b>2,340.12</b>
			<b>0.00</b>		<b>0.00</b>			<b>0.00</b>

# Copperhill



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

**Case: Copperhill**

**Staff Summary:**

The City of Copperhill has been referred for financial distress (total net deficit).

CITY OF COPPERHILL				
HISTORY FILE				
	Audited		Audited	
Fiscal Year 6/30	2013	2014	2015	
Water/Sewer revenues	\$ 430,240	\$ 543,104	\$ 561,064	
Other revenues	\$ 10,800	\$ 13,395	\$ 16,806	
<b>Total Operating Revenues</b>	<b>\$ 441,040</b>	<b>\$ 556,499</b>	<b>\$ 577,870</b>	
<b>Total Operating Expenses</b>	<b>\$ (395,998)</b>	<b>\$ (592,231)</b>	<b>\$ (612,216)</b>	
Operating Income	\$ 45,042	\$ (35,732)	\$ (34,346)	
Interest Income (expense)	\$ (57,980)	\$ (63,347)	\$ (58,297)	
Grant/Capital Cont.	\$ 31,825	\$ 449,441	\$ 44,049	
<b>Change in Net Position</b>	<b>\$ 18,887</b>	<b>\$ 350,362</b>	<b>\$ (48,594)</b>	

The City of Copperhill was referred for a total net deficit in their water and sewer fund for the 2015 fiscal year. The City has not been able to obtain their 2016 fiscal year or 2017 fiscal year audit due to the auditors not being able to provide an opinion. The City has new staff and is now going through monthly audits with their CPA.

**Staff Recommendation:**

Order the City to do the following:

1. The City shall provide a financial update to Board staff by March 1, 2019.



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

**MEMORANDUM**

**TO:** Water and Wastewater Financing Board  
**FROM:** Division of Local Government Audit - Municipalities and Utility Districts  
**SUBJECT:** Division of Local Government Audit Referral Pursuant to TCA 68-221-1010(a) & (d)  
In accordance with the requirements of Tennessee Code Annotated, we are hereby filing the following vendor with the board(s) noted above.

Record Number: 1642 Vendor Name: Copperhill  Component Unit

Report Year: 6/30/2015 Utility Type: Water and Sewer Date Received: 2/23/2018 Date Referred: 3/5/2018 Reviewer: MEF Report Status: Not Yet Reviewed

**FINANCIAL DISTRESS**

- A** Has deficit net position for the fiscal year ended. (\$46,880.00)
- B** Decrease in net position for two consecutive years. Fiscal Year End, Decrease in NP
- C** Is in default on certain outstanding debt. Holders of the Bonds, etc., Principal, Interest

**WATER LOSS**

- D** Water Loss Referral  
AWWA water audit info  
Water Loss Schedule - Status, AWWA Excel File
- Validity score below the amount established by the board. Validity Score: 74
- Excessive non-revenue water % as established by the board. Non-Rev Water %: 48.4
- Comments:



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 10, 2018

The Honorable Kathy Stewart  
City of Copperhill  
160 Main Street  
Copperhill, TN 37317

Dear Mayor Stewart,

The Tennessee Comptroller of the Treasury has referred City of Copperhill to the Water & Wastewater Financing Board (hereinafter "Board") pursuant to Tennessee Code Annotated § 68-221-1010.

Please fill out the enclosed questionnaire and return it and all supporting documentation to our office no later than **June 15, 2018**. Please submit this to either [utilities@cot.tn.gov](mailto:utilities@cot.tn.gov), and/or the following mailing address:

Water & Wastewater Financing Board  
ATTN: John Greer  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

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. After we receive your information, we will decide whether it is necessary for the City to (1) meet with our staff or (2) go directly before the Board.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "John Greer", is written over a large, stylized blue scribble.

John Greer  
Technical Secretary

enclosure  
cc (w/out encl.): Ms. Suzanne Hughes





Please see back  
two pages for  
answers to  
questionnaire.

JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 10, 2018

The Honorable Kathy Stewart  
City of Copperhill  
160 Main Street  
Copperhill, TN 37317

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Sincerely,

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

John Greer  
Technical Secretary

enclosure  
cc (w/out encl.): Ms. Suzanne Hughes



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

### WWFB Financial Questionnaire

Utility: \_\_\_\_\_

**Instructions: Please submit the following information**

1. Five year history of your rates (all rate classes and types)
2. Five year history of all utility fees (include records of how you rationalized charges for: tap fees, reconnection fees, etc.)
3. The current customer contract used for new service accounts
4. Most current balance sheet and income statement (accounts must be broken out by water and sewer **if applicable**; you may need to estimate or use a percentage for each)
5. A copy of your debt management policy
6. A copy of your capitalization policy (by which you decide whether you capitalize versus expense items)

**Instructions: Please respond to each question below with detailed answers**

1. Do you have a plan to remedy your financially distressed position?
  - a. If so, please provide a detailed copy.
2. Who has the authority to set rates and fees? Do you have a board or committee separate from your local legislative body (board of mayor and aldermen, etc.)?
3. How many customers do you have currently? Please break out by metered, non-metered, billed and un-billed, and class (residential, commercial, etc.).
4. What percentage of your sales do the largest ten (10) customers (by volume and by revenue) represent on a yearly basis?
5. Do you have plans for a rate increase or decrease?
  - a. If yes, has your board voted on it?
    - i. Please attach the relevant minutes that show all discussion and votes.
  - b. If no, please attach the minutes where the relevant discussion and vote took place to not change the current rate structure.
6. What is the justification for the current structure of your rates?
7. Do you have written policies for rates and fees (how they are implemented and billed, including adjustments)?
  - a. If so, please provide a list of the applicable policies.
  - b. How often do you review these policies?
8. How do you make customers aware of the rates and fees you have in place?
  - a. Is this done at least annually? If not, please explain.
9. Do you have a capital asset plan/budget?
  - a. If so, how long does it forecast (5 year, 10 year, etc.)?
  - b. If you do not have a capital asset plan, please justify why you do not.

10. Do you review your capital asset list?
  - a. If so, please indicate the frequency it is reviewed (annually, semi-annually, etc.) and who reviews this list.
  - b. If you do not review your capital asset list, please justify why you do not.
11. Do you have any environmental issues currently or forthcoming that will put a financial burden on the system?
12. Do you have a leak adjustment policy?
  - a. If so, what is the average yearly amount adjusted in gallons, cost to produce (or purchase), and lost revenue?
  - b. Please attach a copy of the policy.
13. Have you already, or do you plan to incur any new debt during the current fiscal year?
  - a. If so, please provide a detailed explanation.
14. Have you already, or do you plan to receive any grants or capital contributions during the current fiscal year?
  - a. If so, please provide a detailed explanation.
15. Have you applied for grants that will be received over the next two years?
  - a. If so, please provide a detailed explanation.
16. Do you produce or purchase your water supply?
  - a. If you produce your own water,
    - i. What is the cost per thousand to produce?
  - b. If you buy your water,
    - i. What is the cost per thousand?
    - ii. Do you have a long-term purchase contract in place?
17. Do you have any wholesale customers?
  - a. Do you have written contracts with those customers?
18. What is your current non-revenue water percentage?
  - a. Do you have any plans for improving your non-revenue water percentage?
  - b. If so, please provide a detailed explanation.
19. With respect to your governing board, how frequently do you meet and what is your practice of providing notice of your meetings?
20. Has your governing body met the applicable training requirements?
  - a. Please provide a list of Board members and their election/appointment dates.
  - b. Please review the training requirements at <https://www.comptroller.tn.gov/WWFB/>

*I hereby certify that the information provided is true and correct to the best of my knowledge.*

Signature: Kathy Stewart Title: Mayor Date: 6/25/18

Please mail, e-mail, or fax copies of any documentation to:

**Water & Wastewater Financing Board**  
**ATTN: John Greer**  
**Fourth Floor Cordell Hull Building**  
**425 Fifth Avenue North**  
**Nashville, Tennessee 37243**  
**Phone: (615) 747-5260**  
**Fax: (615) 741-1551**  
**utilities@cot.tn.gov**

# City of Copperhill

P.O. Box 640 160 Main Street  
Copperhill, Tennessee 37317  
Phone: (423) 496-5141

Kathy Stewart  
Mayor

Ray Tanner  
Vice Mayor

Alderman  
Bill Standridge  
Scott Brooks  
Tara Akins

## WWFB FINANCIAL QUESTIONNAIRE (ANSWERS)

1. **Yes, we do have a remedy for our financially distressed position. Copperhill has a leak repair program. We will purchase water from another utility, at a cheaper rate per gallon. We are switching from the City of McCaysville, GA to Copper Basin Utilities.**
2. **No, we do not have a legislative authority besides our Mayor and City Council. The City Council and Mayor vote in public meetings if any rates or fees are changed or added.**
3. **We have 409 Water and Sewer customer \*\*Please see sheet attached for breakdown of Water and Sewer customer numbers\*\***
4. **\*\* Please see the attached Worksheet for Large Users \*\***
5. **Yes, we do have a plan for a rate change. This may consist of a small increase; however, we are unsure until the emergency project is finished with Copper Basin Utilities. We had an emergency grant called ECWAG from the USDA to switch from McCaysville to Copper Basin Utilities. The Mayor and City Council will meet to come up with numbers on the increase once this project is complete.**
6. **The justification for the current rate structure is based on the City of Copperhill being a economically depressed area with most of the customer base being elderly and disabled citizens.**
7. **Yes, we have a written policy for rates and fees. The City Clerk has been designated to make adjustments, based on the policy rules. Adjustments are made in the event of a misread meter, leak, etc. No adjustments are made unless it is a necessity.**
8. **We make customers aware of the rates and fees by sending out a new or updated rate structure with the water/sewer bills. All fees are accessible in the City Hall, and the newspaper personnel is always present at the City Council meetings, and they will usually notify the public of any changes. We do not update the customers on the water/sewer rates, annually, because we do not have a change each year. We do however send out any new rates or changes to the customers.**
9. **Yes, we have a capital asset plan/budget. It is a yearly budget that runs on a fiscal year from July 1 until June 30 of the next year.**
10. **Yes, we review our capital asset list. We review the capital asset list annually. The asset list is reviewed by the City of Copperhill Mayor and City Council.**
11. **Yes, we do have environmental issues currently that will put us in a financial**

burden. We have sewer related issues, due to old sewer lines. The lines are old terracotta pipes that have burst and caused issues throughout the City. The lines are 68 years old and more are subject to burst at any time and risk infecting the river nearby, as well as other issues it may cause.

12. Yes, we have a leak adjustment policy. On average the amount adjusted can range between \$2,000 to \$5,000, depending on how many misread meters occur, etc.  
\*\*Please see attached Leak Adjustment Policy\*\*
13. Yes, have already incurred new debt during this current fiscal year, due to the sewer line collapsing on Highway 68 and on Bridge Street. We had to pay close to \$25,000 to have this line repaired. We had to dig in to Highway 68 and Bridge Street to repair the damages.
14. Yes, the City of Copperhill has applied and have been approved for a 1.5-million-dollar grant for the Water Rehabilitation, and we have also applied for a SEARCH Grant for Sewer Rehabilitation. We are actively working with the USDA for further grants/funding for these upcoming projects and growth.
15. Yes, we have applied for grants that we could receive over the next two years; however, we are pending approval of the grant applications.
16. The City of Copperhill purchases water from the City of McCaysville. We purchase our water at the rate of \$5.50 per 1,000 gallons and we do not have a long-term purchase contract with the City of McCaysville- the contract we have with the City of McCaysville is for 1 year. We are currently working on a project to connect with Copper Basin Utilities, where we will purchase water for \$3.50 per 1,000 gallons.
17. No, the City of Copperhill does not have any wholesale water customers.
18. The City of Copperhill current non-revenue water percentage is 35%, and we have been approved for a Water Rehabilitation project starting in January 2019.
19. The City of Copperhill governing body meets once a month. A notice is posted at the Copperhill Post Office, and the City Hall. The news media is notified ahead of schedule to attend the meetings and are notified of any changes in the schedule of the meetings.
20. We are unaware of what training requirements our governing body must have. Our governing body includes: Mayor Kathy Stewart, Vice Mayor Ray Tanner, Aldermen- Bill Standridge, Scott Brooks, and Tara Akins. The election date was November 2016 where everyone was elected, except Ray Tanner. Ray Tanner was appointed by Mayor Kathy Stewart and the other City Council members.

Current

# City of Copperhill Rates

<b>Residential:</b>	0 – 1,000 Gallons	1,001 – 1,400 Gallons	1,401 – 2,000 Gallons
Inside City limits	\$15.00+ tax	\$25.00+ tax	\$35.00+ tax
Outside City limits	\$35.00+ tax	\$43.04+ tax	\$51.08+ tax
Sewer Inside City limits	\$15.00	\$15.00	\$19.00

<b>Commercial:</b>	0 – 1,000 Gallons	1,001 – 1,400 Gallons	1,401 – 2,000 Gallons
Inside City limits	\$15.00+ tax	\$25.00+ tax	\$42.50+ tax
Outside City limits	\$35.00+ tax	\$43.04+ tax	\$54.73+ tax
Sewer Inside City limits	\$15.00	\$19.00	\$22.00

<b>Industrial:</b>	→	0,000 – 2,000 Gallons
		\$48.15+tax

## OVERAGE CHARGE:

**Residential and Commercial Water Overage:** \$6.16 PER 1,000 GALLONS over 2,000 gallons

**Industrial Water Overage:** \$6.62+tax over 2,000 gallons

**Residential Sewer Overage:** \$3.85 per 1,000 over 2,000 gallons

**Commercial Sewer Overage:** \$4.55 per 1,000 over 2,000 gallons

**Industrial Sewer Overage:** \$3.50 per 1,000 over 2,000 gallons

**RECONNECTION FEE:** \$50.00

## TAP ON:

**Inside City Limits (WATER) – \$1,500.00**

**Outside City Limits (WATER ONLY) - \$2,000.00**

**Inside City Limits (SEWER) - \$1,000.00**

**METER REPLACEMENT (Per Customers Request): \$100.00**

# City of Copperhill Rates

## Residential:

First 1,000 gallons	1,001-2,000 Gallons	Per 1,000 Gallons
Inside City Limits \$15.00	\$35.00	\$5.63
Outside City Limits \$35.00	\$51.08	\$5.80
Sewer (Inside) \$15.00	\$19.00	\$3.85

## Commercial:

Inside City Limits	\$42.50	\$5.80
Outside City Limits	\$54.73	\$6.62
Sewer (Inside)	\$22.00	\$4.55

## Water Deposits:

### Residential:

Owner of Home	\$50.00
Renter of Home	\$100.00

### Commercial:

Business Owner	\$50.00
Business Renter	\$100.00

## Meter Replacement:

\$75.00

## Tap-on Fee:

Inside City Limits	\$1,000.00
Outside City Limits	\$1,500.00

## Reconnection Fee:

\$25.00

10,000 Gallons for Water & Sewer ?

Water Rates

Residential:	First 2,000	Per 1,000
Inside	\$35.00	\$5.63
Outside	\$51.08	\$5.80
Sewer	\$19.00	\$3.85

Commerical:	First 2,000	Per 1,000
Inside	\$42.50	\$5.80
Outside	\$54.73	\$6.62
Sewer	\$22.00	\$4.55

Res Inside

Water	\$35.00	\$46.40
Sewer	\$19.00	\$30.80
<i>Total:</i>	\$131.20	
<i>Tax:</i>	\$12.14	
	<b>\$143.34</b>	

Res Outside

Water	\$51.08	\$46.40
<i>Total</i>	\$97.48	
<i>Tax</i>	\$9.02	
	<b>\$106.50</b>	

Com Inside

Water	\$42.50	\$46.40
Sewer	\$22.00	\$30.80
<i>Total</i>	\$141.70	
<i>Tax</i>	\$13.11	
	<b>\$154.81</b>	

Com Out

Water	\$54.73	\$52.96
<i>Total</i>	\$107.69	
<i>Tax</i>	\$9.96	
	<b>\$117.65</b>	



2011

**RESOLUTION  
NO: 07072011**

**CITY OF COPPERHILL  
WATER AND SEWER RATES**

RESIDENTIAL:

	First 2,000 gals	1000 gals
INSIDE CITY LIMITS	20.00	3.85
OUTSIDE CITY	30.72	4.02
SEWER	19.00	3.85

COMMERCIAL:

INSIDE CITY LIMITS	25.00	4.02
OUTSIDE CITY	33.15	4.50
SEWER	22.00	4.55

BE IT FURTHER RESOLVED, that the City of Copperhill will put into effect above changes beginning with August 1<sup>st</sup> 2011 billing.

Passed: \_\_\_\_\_

\_\_\_\_\_  
Mayor Cecil F. Arp, Jr.

\_\_\_\_\_  
City Recorder

# City of Copperhill

P.O. Box 640 160 Main Street  
Copperhill, Tennessee 37317  
Phone: (423) 496-5141

Kathy Stewart  
Mayor

Ray Tanner  
Vice Mayor

Alderman  
Bill Standridge  
Scott Brooks  
Tara Akins

## **RATE STRUCTURES**

RECONNECTION FEE FOR NON-PAYMENT WAS INCREASED FROM \$25.00 TO \$50.00 IN 2016.

LATE FEES ARE AUTOMATICALLY APPLIED TO THE BILL BY THE BILLING SYSTEM, WHICH IS GENERALLY AROUND 10% OF THE AMOUNT OF THE BILL.

ATTACHED IS A COPY OF THE RATE STRUCTURES FROM PAST TO PRESENT

## **WATER**

RESIDENTIAL WATER # OF CUSTOMERS – INSIDE: 212  
RESIDENTIAL WATER # OF CUSTOMERS – OUTSIDE: 127

COMMERCIAL WATER # OF CUSTOMERS – INSIDE: 36  
COMMERCIAL WATER # OF CUSTOMERS – OUTSIDE: 3  
NON-TAX COMMERCIAL WATER # OF CUSTOMERS – OUTSIDE:

CHURCHES WATER # OF CUSTOMERS – INSIDE: 8  
CHURCHES WATER # OF CUSTOMERS – OUTSIDE 3

INDUSTRIAL WATER # OF CUSTOMERS – INSIDE: 2  
INDUSTRIAL WATER # OF CUSTOMERS – OUTSIDE: 1

## SEWER

RESIDENTIAL SEWER # OF CUSTOMERS – INSIDE: 248 IN TOTAL.  
ALL SEWER CUSTOMERS ARE INSIDE THE CITY LIMITS – NO  
OUTSIDE SEWER CUSTOMERS.

RESIDENTIAL SEWER # OF CUSTOMERS – 212  
COMMERCIAL SEWER # OF CUSTOMERS – 34  
INDUSTRIAL SEWER # OF CUSTOMERS – 1



**Dyer**



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: City of Dyer**

**Staff Summary:**

On March 29, 2018, the Board voted to order the City of Dyer to comply with the following:

1. **The City shall bring in the MTAS, Tennessee Association of Utility Districts or another qualified expert to assist with the following:**
  - a. **Review of sewer fees and the actual cost of treatment;**
  - b. **Review of Tap fees and the actual cost of installation;**
  - c. **Creating/implementing a 5-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs);**
  - d. **Review of the Leak Adjustment Policy;**
2. **The City shall provide an update to the Water and Wastewater Financing Board staff with the completed rate study and an implemented or proposed plan of action by August 31, 2018.**

The City has complied with all directives of the Board (see attached).

**Staff Recommendation:**

Order the City to do the following:

1. **The City shall send financial updates to Board staff by March 1 and September 1 of each year, beginning March 1, 2019, until the Board releases the City from its oversight.**



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 16, 2018

The Honorable Chris Younger  
Town of Dyer  
105 South Main Street  
Dyer, TN 38330

Dear Mayor Younger,

The Town's financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

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

Sincerely,

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

John Greer  
Technical Secretary

Enclosure

cc: (w/o encl.) Mr. Nathan Reed, Recorder



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**BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD**

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**IN THE MATTER OF:**

**T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
CITY OF DYER**

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**ORDER**

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Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the City of Dyer (the "City"). Based on the deficiencies in the City's water and wastewater fund, the Board directs the City to comply with the following corrective action plan:

1. The City shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to provide assistance with the following:
  - a. Review of sewer fees and the actual cost of treatment;
  - b. Review of tap fees and actual cost of installation;
  - c. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs); and
  - d. A review of the leak adjustment policy.
2. The City shall provide an update to Board staff with the completed rate study, policy and fee recommendations, and five-year capital asset budget as well as an implemented or proposed plan of action by August 31, 2018.

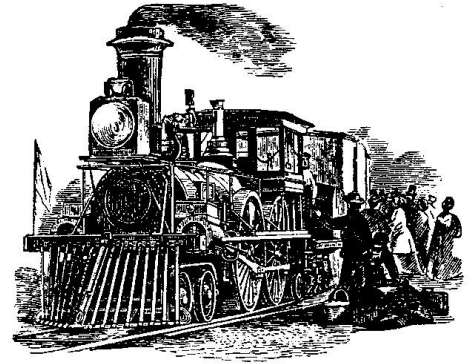
Entered this 17<sup>th</sup> day of April 2018.

A handwritten signature in blue ink that reads "Ann V. Butterworth".

Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

# CITY OF DYER

105 SOUTH MAIN STREET - DYER, TENNESSEE 38330-1920  
TELEPHONE: 731-692-3767 - FAX: 731-692-4222  
[www.cityofdyeertn.com](http://www.cityofdyeertn.com)



**Chris Younger**  
Mayor

**Nathan Reed**  
City Recorder

August 30, 2018

Mr. John Greer  
Water & Wastewater Financing Board  
Tennessee Comptroller of the Treasury  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

VIA: Electronic Mail

Mr. Greer,

Attached you will find the City of Dyer's response to the order of the Water & Wastewater Financing Board issued April 17, 2018.

This response includes a review of sewer fees (also included are water fees), discussion of tap fees, the five-year capital asset budget, and a review of the leak adjustment policy, as well as a summary of the plan of action related to these items.

We hope this response is satisfactory. We'll gladly provide additional information or clarification as required. Please contact us if additional information is needed.

Thank you,

Handwritten signature of Nathan Reed in blue ink.

Nathan Reed, CMFO  
City Recorder



# Response to WWFB

City of Dyer - August 2018

Pursuant to the order entered on April 17, 2018 by the Water & Wastewater Financing Board, the City of Dyer returns the following information:

- Completed Review of Sewer Fees & Rate Presentation
- Review of Tap Fees & Actual Cost of Installation
- Five Year Capital Asset Budget
- Review of Leak Adjustment Policy

## Sewer Fees & Rates

### 2017-2018 Fiscal Year Rates and Results

Anticipating the need for a rate increase (and a negative change in net position), the City of Dyer undertook a rate study with the intention of implementing a rate adjustment for the 2017-2018 fiscal year.

To determine the necessary revenue requirements, the City analyzed proposed expenses for the fiscal year 2018. Each broad category of expense was assigned a percentage for “fixed” expenses (which would not vary based on the amount of wastewater treated), and variable expenses (which would change based on treatment).

For the 2017-2018 budget year, expenses for wastewater (and water) were broken down as follows:

Expenses			Base %	Base Exp	Var. Exp
<i>Water</i>	Personal Services	158,716.92	50%	79,358.46	79,358.46
	Contractual Services	83,446.88	40%	33,378.75	50,068.13
	Supplies	20,340.00	25%	5,085.00	15,255.00
	Materials	1,500.00	25%	375.00	1,125.00
	Fixed Charges	105,875.30	100%	105,875.30	-
	Debt Service Interst	26,428.02	50%	13,214.01	13,214.01
	Debt Service Principal	15,943.98	50%	7,971.99	7,971.99
	Misc Expenses	750.00	100%	750.00	-
	<b>Total Water Exp (No Cap)</b>	<b>413,001.10</b>		<b>246,008.51</b>	<b>166,992.59</b>
<i>Sewer</i>	Personal Services	95,191.60	50%	47,595.80	47,595.80
	Contractual Services	103,947.88	50%	51,973.94	51,973.94
	Supplies	19,720.00	25%	4,930.00	14,790.00
	Materials	1,200.00	25%	300.00	900.00
	Fixed Charges	104,876.43	100%	104,876.43	-
	Misc Expenses	1,000.00	100%	1,000.00	-
	<b>Total Sewer Exp (No Cap)</b>	<b>325,935.91</b>		<b>210,676.17</b>	<b>115,259.74</b>

The total estimated expenses were \$738,937.01.

For example, in the above, the total “Personal Services” expense was estimated to be \$95,191.60; of that amount, 50% was designated as a “Base” (or fixed) expense, and 50% was designated as a variable expense.

In structuring the new rate, the “Base” sewer charges should generate enough revenue to fund the fixed portion of the estimated expenses; the variable sewer charges (based on gallons) should generate enough revenue to fund the variable expenses.

Based on the rates effective in 2016-2017, the following revenue was anticipated from the different water & sewer rate categories:

Description	No. of Bills	Total Consumed	Average Consumption	Base Fee	Base Fee Rev	Per 100 Gal	Cons Revenue	Total Revenue
Water Inside	11421	47,804,718.00	4,186	14.40	164,462.40	0.27	129,072.74	
Water Outside	480	2,778,612.00	5,789	16.40	7,872.00	0.27	7,502.25	
Water Commercial	468	2,092,617.60	4,471	15.40	7,207.20	0.27	5,650.07	
					<b>179,541.60</b>		<b>142,225.06</b>	321,766.66
Description	No. of Bills	Total Consumed	Average Consumption	Base Fee	Base Fee Rev	Per Gal	Cons Revenue	Total Revenue
Sewer GCHS	12	-	0	430.00	5,160.00			
Sewer Inside	11,700	49,314,135.60	4,238	10.25	119,925.00	0.39	192,325.13	
Sewer Out of Town	12	56,708.40	4,726	12.25	147.00	0.39	221.16	
Sewer Cattle	12	152,538.00	15,254	20.25	243.00			
					<b>125,475.00</b>		<b>192,546.29</b>	318,021.29
								<b>639,787.95</b>

This revenue was insufficient to meet the estimated expenses.

Using the fixed and variable expenses as a guide, new base and variable (usage based) rates were devised resulting in the following revenue estimates:

Description	No. of Bills	Total Consumed	Average Consumption	Base Fee	Base Fee Rev	Per 100 Gal	Cons Revenue	Total Revenue
Water Inside	11421	47,804,718.00	4,186	18.10	206,720.10	0.34	162,536.04	
Water Outside	480	2,778,612.00	5,789	19.00	9,120.00	0.39	10,836.59	
Water Commercial	468	2,092,617.60	4,471	20.00	9,360.00	0.37	7,742.69	
					<b>225,200.10</b>		<b>181,115.31</b>	406,315.41
Description	No. of Bills	Total Consumed	Average Consumption	Base Fee	Base Fee Rev	Per Gal	Cons Revenue	Total Revenue
Sewer GCHS	12	-	0	430.00	5,160.00			
Sewer Inside	11,700	49,314,135.60	4,238	10.50	122,850.00	0.41	202,187.96	
Sewer Out of Town	12	56,708.40	4,726	12.75	153.00	0.41	232.50	
Sewer Cattle	12	152,538.00	15,254	20.25	243.00			
					<b>128,406.00</b>		<b>202,420.46</b>	330,826.46
								<b>737,141.87</b>

The new rates were effective July 1, 2017. Additionally, an automatic rate adjustment tied to the Consumer Price Index was implemented.

As is evident, the projected revenue did not completely fund the projected expenses of \$738,937.01 – but the City Board anticipated actual expenses to be slightly less than budgeted expenses, and a positive change in Regulatory Net Position was expected.

Unfortunately, a tank renovation which had been planned for the 2018-2019 fiscal year was needed sooner than expected, and this resulted in what is projected to be a negative change in Regulatory Net Position for the most recent fiscal year ended June 30, 2018.

### 2018-2019 Fiscal Year Rates and Projected Results

To determine whether revenue estimates would meet requirements for the 2018-2019 fiscal year, the City analyzed proposed expenses for the fiscal year 2019. Each broad category of expense was assigned a percentage for “fixed” expenses (which would not vary based on the amount of wastewater treated), and variable expenses (which would change based on treatment).

For the 2018-2019 budget year, projected expenses for wastewater (and water) were broken down as follows:

Expenses			Base %	Base Exp	Var. Exp
<i>Water</i>	Personal Services	162,413.86	50%	81,206.93	81,206.93
	Contractual Services	94,994.38	40%	37,997.75	56,996.63
	Supplies	27,000.00	25%	6,750.00	20,250.00
	Materials	1,500.00	25%	375.00	1,125.00
	Fixed Charges	100,108.54	100%	100,108.54	-
	Debt Service Interst	26,558.21	50%	13,279.11	13,279.11
	Debt Service Principal (Not Included)		50%	-	-
	Misc Expenses	750.00	100%	750.00	-
	<b>Total Water Exp (No Cap)</b>	<b>413,324.99</b>		<b>240,467.33</b>	<b>172,857.66</b>
<i>Sewer</i>	Personal Services	112,512.59	50%	56,256.30	56,256.30
	Contractual Services	82,152.13	50%	41,076.07	41,076.07
	Supplies	27,111.00	25%	6,777.75	20,333.25
	Materials	3,500.00	25%	875.00	2,625.00
	Fixed Charges	112,973.58	100%	112,973.58	-
	Misc Expenses	1,000.00	100%	1,000.00	-
	<b>Total Sewer Exp (No Cap)</b>	<b>339,249.31</b>		<b>218,958.69</b>	<b>120,290.61</b>

The total estimated expenses were \$752,574.30.

Estimated revenue was projected using the automatic rate adjustment tied to the consumer price index. Based on the May 2018 increase in the All Items Index of the Consumer Price index, rates were increased by 2.8% effective July 1, 2018, resulting in the following revenue projections:

Rate Code	Description	No. of Bills	Total Consumed	Average Consumption	Base Fee	Base Fee Rev	Per 100 Gal	Cons Revenue		
1	Water Inside	10984	43,421,383.00	3,953	18.61	204,412.24	0.35	151,974.84		
2	Water Outside	479	2,476,373.00	5,170	19.53	9,354.87	0.4	9,905.49		
21	Water Commercial	780	9,027,480.00	11,574	20.56	16,036.80	0.38	34,304.42		
						<b>229,803.91</b>		<b>196,184.76</b>		425,988.67
Rate Code	Description	No. of Bills	Total Consumed	Average Consumption	Base Fee	Base Fee Rev	Per Gal	Cons Revenue		
22	Sewer GCHS	12	-	0	430.00	5,160.00				
50	Sewer Inside	11,639	51,541,964.00	4,428	10.79	125,584.81	0.42	216,476.25		
51	Sewer Out of Town	12	44,697.00	3,725	13.11	157.32	0.42	187.73		
52	Sewer Cattle	12	241,416.00	20,118	20.25	243.00				
						<b>131,145.13</b>		<b>216,663.98</b>		347,809.11
										<b>773,797.77</b>

The estimated revenue projection of \$773,797.77 was sufficient to meet revenue requirements of \$752,574.30, and to provide additional revenue for unbudgeted, unanticipated expenses.

At the completion of the budgeting process, and using the formula used in submissions to the Office of State & Local Finance, the following change in Regulatory Net Position was estimated:

WATER & SEWER NET POSITION ESTIMATES	
2018-2019 Fiscal Year	
Actual Cash Revenue	804,919.76
Actual Cash Expense	646,750.97
<b>Actual Change in Cash</b>	<b>158,168.79</b>
Plus: Debt Principal Payments	15,813.79
Minus: Depreciation Expense	183,637.12
Plus: Expenditures on Capital Assets	62,000.00
Minus: Debt Proceeds	
Minus: Grants	-
<b>Estimated Change in Regulatory Net Position</b>	<b>52,345.46</b>

The City of Dyer is pleased that this estimate positive change in Regulatory Net Position will bring the utility into compliance with the requirements of the Water and Wastewater Financing Board as concerns TCA 68-221-1010.

The City of Dyer will continue to monitor revenue requirements and will adjust water and sewer rates as required if the automatic rate adjustments are insufficient to meet expenses.

## Review by Qualified Experts

On July 12, 2018, Dyer City Recorder Nathan Reed met with Kay Stegall and Steve Wyatt of the Municipal Technical Advisory Service (MTAS) to review the Water & Wastewater Fund Budget, the rate structure, and the method of determining rates. Stegall and Wyatt agreed that the basis of determining rates (Fixed Expenses vs Variable) seemed reasonable, and that based on the information provided, anticipated revenue was sufficient to cover expenses for fiscal year 2019.

## Tap Fees

In July, 2018, the City of Dyer conducted a survey to determine tap fees for similarly sized local cities with the following results (including Dyer):

	<b>Dyer</b>	<b>Rutherford</b>	<b>Greenfield</b>	<b>Trenton</b>	<b>Bradford</b>
<b>Water Taps</b>					
<i>Inside City</i>					
3/4"	179.00	250.00	350.00	300.00	350.00
1"	200.00	250.00	350.00	400.00	350.00
2"	250.00	250.00	350.00	Varies	350.00
<i>Outside City</i>					
3/4"	340.00	250.00	350.00		350.00
1"	400.00	250.00	350.00		350.00
2"	500.00	250.00	350.00		350.00
<b>Sewer Taps</b>					
<i>Inside City</i>					
4"	175.00	250.00	350.00	350.00	350.00
6"	350.00	250.00	350.00	350.00	350.00
<i>Outside City</i>					
4"	350.00	250.00	350.00	350.00	350.00
6"	700.00	250.00	350.00	350.00	350.00
<b>Notes</b>	Fee + Cost of Materials	All Included			

The City of Dyer's tap fees were structured to include labor, as well as the water meter (for water). All other materials are billed in addition to the tap fee. Based on the survey, it appears that an adjustment in the tap fees may be warranted. The City of Dyer has a minimal number of water and sewer taps each year (there was one sewer tap for the 2017-2018 fiscal year).

Utility Supervisors will monitor upcoming taps for actual labor costs and a proposal for adjustments to tap fees will be presented to the Board of Aldermen when sufficient data is collected.

## Capital Asset Budget

Working with the Water and Wastewater personnel, a projected capital asset budget was developed anticipating upcoming capital projects, including grant projects and other improvements. In order to adequately present upcoming expenses to the Board of Aldermen, significant expenses were included in the budget as well.

<b>Capital and Significant Expenditure Budget</b>					
City of Dyer					
<b>Capital Outlays</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>
Screw Press - WWTP				325,000.00	
Aerator Gear Boxes - WWTP					30,000.00
45 Lift Station Replacement	60,000.00				
East College Lift Station Replacement		60,000.00			
Grinder @ Influent Station - WWTP					
Backhoe Replacement (with Trade)			25,000.00		
Dump Truck (Replacement)				60,000.00	
Actuators - WTP	5,000.00	5,000.00	5,000.00	5,000.00	
45 South Tank Mixer			35,000.00		
High Service Pumps (Replacement) - WTP					20,000.00
<b>Total Capital Outlays</b>	<b>65,000.00</b>	<b>65,000.00</b>	<b>65,000.00</b>	<b>390,000.00</b>	<b>50,000.00</b>
<b>Significant Expenditures</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>
Sewer Line Repairs		325,000.00			
<b>Total Significant Expenditures</b>	<b>-</b>	<b>325,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital &amp; Significant Expenditures</b>	<b>65,000.00</b>	<b>390,000.00</b>	<b>65,000.00</b>	<b>390,000.00</b>	<b>50,000.00</b>
<b>Sources of Funds</b>					
Grants		302,250.00		302,250.00	
Loans					
Rates & Reserves	65,000.00	87,750.00	65,000.00	87,750.00	50,000.00
<b>Total Funding Sources</b>	<b>65,000.00</b>	<b>390,000.00</b>	<b>65,000.00</b>	<b>390,000.00</b>	<b>50,000.00</b>

After review and discussion of the proposed budget, the Board of Aldermen approved it on August 27, 2018. Update and approval of this capital budget will become part of the annual budgeting process going forward.

## Leak Adjustment Policy

The City of Dyer reviewed its leak adjustments for fiscal year 2018 and found that water adjustments totaled \$4,934.81, and sewer adjustments totaled \$7,383.20. A significant amount of sewer adjustments were due to swimming pool and water adjustments due to the fact this water would not be treated at the wastewater plant.

At this time, the existing adjustment policy appears to balance the interests of the rate payers and the utility (1 adjustment per year, repairs required before adjusting).

The City of Dyer received a proposal from ServLine and has met with Brian Harstine several times, and the City continues to consider implementing their program in Dyer. The ServLine cost per ratepayer per year is between \$25.80 and \$36.00, totaling for all customer between approximately \$26,400 and \$36,900 per year. A review of adjustment expenses compared with ServLine expenses is being conducted and the Board of Aldermen will be presented options for funding ServLine including a) absorbing the complete cost, b) cost sharing with rate payers, and c) additional fees to ratepayers to fund ServLine costs.

There was concern about adding additional fees to customers soon after the July 1, 2017 rate increase and the first automatic rate adjustment. Revenue is expected to meet requirements for fiscal year 2019, giving the City time to study whether ServLine's solution would best serve utility ratepayers.

## Plan of Action

- **Implemented:** The City believes that the current rate structure is sufficient to fund revenue requirements. Annual review of expenses and anticipated revenue will be conducted to maintain compliance.
- **Continued Study:** Going forward, city personnel will monitor actual labor costs for tapping and will present data to the governing body if adjustments are warranted.
- **Implemented:** The City of Dyer will use the Capital Asset Budget in budget planning and will update it annually, presenting it to the governing body and to the public as part of its annual budget process.
- **Continued Study:** The City of Dyer will monitor leak adjustment expenses and continue consideration of implementing a solution from ServLine or a similar provider.

# Elkton





JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: City of Elkton**

**Staff Summary:**

The City of Elkton has been referred for financial distress. The City has three sewer customers and has raised rates 75%.

The City is showing a positive change in net position for the current year.

**Staff Recommendation:**

Order the following:

- 1. The City shall send financial updates to Board staff by March 1 and September 1 of each year, beginning March 1, 2019, until the Board releases the City from its oversight.**



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

**MEMORANDUM**

**TO:** Water and Wastewater Financing Board  
**FROM:** Division of Local Government Audit - Municipalities and Utility Districts  
**SUBJECT:** Division of Local Government Audit Referral Pursuant to TCA 68-221-1010(a)

In accordance with the requirements of Tennessee Code Annotated, we are hereby filing the following vendor with the board(s) noted above.

Record Number: 1670 Vendor Name: Elkton  Component Unit

Report Year: 6/30/2017 Utility Type: Sewer Date Received: 12/27/2017 Date Referred: 1/4/2018 Reviewer: mlb Report Status: Not Yet Reviewed

**FINANCIAL DISTRESS**

- A Has deficit net position for the fiscal year ended.
- B Decrease in net position for two consecutive years.

Fiscal Year End	Decrease in NP
6/30/2017	(\$8,539.00)
6/30/2016	(\$2,289.00)

- C Is in default on certain outstanding debt.

Holder of the Bonds, etc.	Principal	Interest

**WATER LOSS**

- D Water Loss Referral

**AWWA water audit info**

Water Loss Schedule - Status:  AWWA Excel File:

Validity score below the amount established by the board Validity Score:

Excessive non-revenue water % as established by the board Non-Rev Water %:   
(Non-Revenue Water as Percent by Cost of Operating System)

Comments:



**STATE OF TENNESSEE**  
**Water & Wastewater Financing Board**  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243  
Phone (615) 747-5260 Fax (615) 741-1551

January 18, 2018

Mayor Carolyn S. Thompson  
City of Elkton  
P. O. Box 157  
Elkton, TN 38455-0157

Dear Mayor Thompson:

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

Please fill out the attached questionnaire and return it and all supporting documentation to our office no later than February 28, 2018. Please submit this to either [utilities@cot.tn.gov](mailto:utilities@cot.tn.gov), and/or the following mailing address:

Water & Wastewater Financing Board  
ATTN: John Greer  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

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. After we receive your information, we will decide whether it is necessary for the City to (1) meet with our staff or (2) go directly before the Board.

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

Sincerely,

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

John Greer  
Utilities Specialist

Mayor Jimmy Dean Caldwell

**Aldermen:**

Bill Bonjour

Bill Cary

Rebecca Bryant

Jim Lathrop

Darren Shockney

# City of Elkton

168 MAIN STREET, P.O. BOX 157  
ELKTON, TN 38455  
office 931.468.2506 fax 931.468.2993  
[www.elktontn.com](http://www.elktontn.com)  
[cityofelkton@elktontn.com](mailto:cityofelkton@elktontn.com)

City Recorder  
Margie Brooks

Police Chief  
Ike Braden

Fire Chief  
Payton Blade

---

October 30, 2018

John Greer  
Utilities Specialist  
State of Tennessee

Mr. Greer,

In response to your letter that we received from you earlier this year, seems to be a miscommunication on our part.

Effective with the July 2018 billing for our 3 customers, we have increased our sewage rate by 75% which should increase our wastewater fund considerably.

If you have any questions or comments, please do not hesitate to be in touch with me.

Margie Brooks  
City Recorder

**CITY OF ELKTON, TENNESSEE**

**Statement of Net Position**

**Enterprise (Sewer) Fund**

**June 30, 2017**

Assets

Current Assets:

Cash and cash equivalents	\$6,026
Accounts receivable	385
Total Current Assets	<u>6,411</u>

Capital Assets:

Sewer plant	99,221
Less accumulated depreciation	<u>(39,332)</u>
Total Capital Assets, Net	<u>59,889</u>

Total Assets	<u><u>\$66,300</u></u>
--------------	------------------------

Liabilities

Current Liabilities (payable from current assets):

Accounts payable	0
Total Current Liabilities (payable from current assets)	<u>0</u>

Total Liabilities	<u><u>\$0</u></u>
-------------------	-------------------

Net Position:

Investment in capital assets	59,889
Unrestricted	<u>6,411</u>

Total Net Position	<u><u>\$66,300</u></u>
--------------------	------------------------

The notes accompanying the financial statements are an integral part of these financial statements.

**CITY OF ELKTON, TENNESSEE**

**Statement of Revenues, Expenses  
and Changes in Net Position**

**Enterprise (Sewer) Fund**

**For the Year Ended June 30, 2017**

Operating Revenues:	
Sewer usage fees	\$9,298
Total Operating Revenues	<u>9,298</u>
Operating Expenses:	
Personnel costs	3,720
Repair and maintenance	7,793
Utilities	1,366
Professional services	661
Depreciation	3,406
Miscellaneous	895
Total Operating Expenses	<u>17,841</u>
Operating income (loss)	<u>(8,543)</u>
Nonoperating Revenues (Expenses):	
Interest income	<u>4</u>
Total Nonoperating Revenues (Expenses)	<u>4</u>
Net change in Net Position	<u>(8,539)</u>
Net Position, July 1, 2016	74,839
Net Position, June 30, 2017	<u>\$66,300</u>

The notes accompanying the financial statements are an integral part of these financial statements.

**CITY OF ELKTON, TENNESSEE**

**Statement of Cash Flows**

**Sewer Fund**

**For the Year Ended June 30, 2017**

Cash Flows from Operating Activities:	
Cash received from customers	10,945
Cash paid to suppliers	(10,715)
Cash paid to employees	(3,720)
Net Cash Provided (Used) by Operating Activities	<u>(3,490)</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>0</u>
Cash Flows from Investing Activities:	
Interest received	4
Net Cash Flows Provided (Used) From by Investing Activities	<u>4</u>
Net Increase (decrease) in Cash	(3,486)
Cash and Cash Equivalents, July 1, 2016	<u>9,512</u>
Cash and Cash Equivalents, June 30, 2017	<u>6,026</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	(8,543)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	3,406
Change in assets (increase) decrease:	
Accounts receivable	1,647
Change in liabilities increase (decrease):	
Net Cash Provided (Used) by Operating Activities	<u>(3,490)</u>

See accompanying notes to financial statements.

# Gainesboro



**TOWN OF GAINESBORO**

P.O. BOX 594

402 E. Hull Ave.

Gainesboro, TN 38562

Phone: 931-268-9315

**Mayor: Lloyd Williams**

**Aldermen: Wayne Strong, Roger Dale Gore, and Jackie Jenkins Jr.**

August 21, 2018

John Greer, Utilities Board Manager  
State of Tennessee  
Water and Wastewater Financing Board  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, TN 37243

Re: **Water & Sewer Fund Status Update  
Town of Gainesboro  
Jackson County, TN**

Dear Mr. Greer:

This letter is written to provide you with an update as to the status of the Town's finances with respect its Water and Sewer Enterprise fund. In consultation with James C. Hailey & Company, we opted to increase rates 10% per year for three (3) consecutive years over 2014, 2015, and 2016. Following the direction that we received from your previous correspondence regarding increasing rates by 2% each consecutive year beginning in 2017, the first 2% increase took effect last year. The 2018 increase was passed this July, and is expected to be represented on August's billing.

Construction within our distribution system continues, in which we are replacing aging and leaking lines in an effort to reduce water loss. We have purchased radio read meters through our loan/grant combination and a contractor has been awarded the installation contract. We anticipate our water loss project to be completed before the end of 2018 and are optimistic about seeing a reduction in nonrevenue water.

As stated in the previous correspondence, the 2017 financial audit shows that the Town of Gainesboro's Water and Sewer Fund experienced an increase in net position of over \$100,000. This represents an increase of over \$150,000 from the previous year.

If you have any questions or if we can be of assistance please let us know.

Sincerely,

**Town of Gainesboro**



**Lloyd Williams, Mayor**

Cc: Nathaniel Green, Project Engineer – James C. Hailey & Company

# Graysville



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

**MEMORANDUM**

**TO:** Water and Wastewater Financing Board  
**FROM:** Division of Local Government Audit - Municipalities and Utility Districts  
**SUBJECT:** Division of Local Government Audit Referral Pursuant to TCA 68-221-1010(a)

In accordance with the requirements of Tennessee Code Annotated, we are hereby filing the following vendor with the board(s) noted above.

Record Number: 1700 Vendor Name: Graysville  Component Unit

Report Year: 6/30/2017 Utility Type: Water Date Received: 3/12/2018 Date Referred: 3/26/2018 Reviewer: MEF Report Status: Not Yet Reviewed

**FINANCIAL DISTRESS**

- A Has deficit net position for the fiscal year ended.
- B Decrease in net position for two consecutive years.

Fiscal Year End	Decrease in NP
6/30/2017	(\$44,584.00)
6/30/2016	(\$24,514.00)

- C Is in default on certain outstanding debt.

Holder of the Bonds, etc.	Principal	Interest

**WATER LOSS**

- D Water Loss Referral

**AWWA water audit info**

Water Loss Schedule - Status:  AWWA Excel File:

Validity score below the amount established by the board Validity Score: 90

Excessive non-revenue water % as established by the board Non-Rev Water %: 10.2  
(Non-Revenue Water as Percent by Cost of Operating System)

Comments:



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 10, 2018

The Honorable Jimmy Massengill  
136 Harrison Avenue  
Graysville, TN 37338

Dear Mayor Massengill,

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

Please send a financial update to our office no later than June 15, 2018. This update should include current financial statements and any other documentation you deem necessary. Please submit this information to [utilities@cot.tn.gov](mailto:utilities@cot.tn.gov) or the address below:

Water & Wastewater Financing Board  
ATTN: John Greer  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

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

Sincerely,

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

John Greer  
Technical Secretary

cc: Ms. Tracey Pankey, Recorder

# City of Graysville

136 Harrison Avenue  
Graysville, TN 37338

[www.graysvilletn.org](http://www.graysvilletn.org)

(423) 775-9242



Mayor Jimmy Massengill  
Vice Mayor James Cook  
Commissioners:  
Robert Baldwin  
David Sulcer  
Lee Williams

May 17, 2018

Dear Mr. Greer,

I am sending this in regards to a letter that the City received being referred to the WWFB. As you are aware we have showed a loss for last year also and had to report to the WWFB. In speaking with our auditor, I am confident that this will no longer be an issue after this year. We are showing a loss because we didn't raise the water rates until later in the year, and then with the depreciation of \$50,000.00, it showed a loss again this year. We are seeing a change in revenue since raising the water rate, and believe that this will be the solution to the issue addressed. I am sending you a copy of the proposed budget. If you have any further question or concerns please feel free to contact me @ City Hall 423-775-9242. Thank you.

Sincerely,  
Jimmy Massengill  
Mayor

<b>2015 - 2016 Water</b>	<b>Fund</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated</b>	<b>Proposed</b>
<b>Revenues</b>		<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>
State Grant	33490				
Credir Card Fees	34000			950	1,200
Other Revenues	36000	3,239	14	100	200
Interest Earnings	36100	321	320	200	200
Metered Water Sales	37110	249,138	238,022	279,000	280,000
Penalties	37191	8,546	10,610	11,000	11,000
Filling of Pools	37120		67	0	0
Connection Fees	37192	6,206	6,470	5,200	5,800
Water Tap Fees	37196	535	535	0	535
Transfer of Service	37199	155	165	150	265
<b>Totals</b>		<b>268,140</b>	<b>256,203</b>	<b>296,600</b>	<b>299,200</b>

<b>Expenses</b>		<b>Actual</b>	<b>Projected</b>	<b>Estimated</b>	<b>Proposed</b>
<b>Operating Expenses</b>	<b>52110</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2017-2018</b>
Salaries	110	31,975	38,089	36,300	36,500
Bad Debts		16,423	16,889		
Wages	121	32,028	22,999	27,000	27,500
Christmas Bonus	134	2,459	2,505	890	900
Employer SS Contribution	140	3,891	4,165	4,000	4,100
Employer Medicare Contribution	141	910	974	1,100	1,100
Worker's Compensation	146	1,600	2,000	2,580	2,700
Unemployment Insurance	147	360	809	300	350
Employee Education and Training	148	105	455	200	500
Electric	241	7,266	8,693	10,500	11,000
Telephone	245	1,560	1,692	1,500	1,600
Operating Supplies	320	6,052	6,948	4,000	6,000
Fuel	331	3,952	7,797	7,000	8,000
Vehicle Expense (Debt)	332	12,645			
Tires	334	320	904	952	1,000
Repair Parts for Water Lines	338	1,100	6,049	3,500	4,000
Safety Supplies	344		2,260	1,500	2,250
Insurance	510	14,192	14,000	14,000	15,000
Depreciation	540				
Bank Service Charges	555		15	1,200	1,800
State - Annual Permit Fee	561	1,788	1,401	1,000	1,600
Late Filing Penalties	599		570		
Loan Interest	620	10,698	10,518	10,500	10,500
Trucks - Machinery and Equipment	940	9,702		21,910	15,000
Machinery and Equipment	941			1,700	1,700
<b>Totals</b>		<b>159,026</b>	<b>149,732</b>	<b>151,632</b>	<b>153,100</b>

# Greenfield



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: Town of Greenfield**

**Staff Summary:**

No information has been received.

**Staff Recommendation:**

Order the following:

1. Greenfield shall have the Municipal Technical Advisory Service, the Tennessee Association of Utility Districts or another qualified expert assist in completing the financial questionnaire sent by Board staff.
2. Greenfield shall send the completed financial questionnaire and all supporting documentation to Board staff by February 15, 2019.





JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

**MEMORANDUM**

**TO:** Water and Wastewater Financing Board  
**FROM:** Division of Local Government Audit - Municipalities and Utility Districts  
**SUBJECT:** Division of Local Government Audit Referral Pursuant to TCA 68-221-1010(a)

In accordance with the requirements of Tennessee Code Annotated, we are hereby filing the following vendor with the board(s) noted above.

Record Number: 1704 Vendor Name: Greenfield  Component Unit

Report Year: 6/30/2017 Utility Type: Water and Sewer Date Received: 1/4/2018 Date Referred: 1/8/2018 Reviewer: SRW Report Status: Not Yet Reviewed

**FINANCIAL DISTRESS**

- A Has deficit net position for the fiscal year ended.
- B Decrease in net position for two consecutive years.

Fiscal Year End: 6/30/2017, 6/30/2016; Decrease in NP: (\$65,781.00), (\$56,591.00)

- C Is in default on certain outstanding debt.

Table with 3 columns: Holders of the Bonds, etc., Principal, Interest

**WATER LOSS**

- D Water Loss Referral

**AWWA water audit info**

Water Loss Schedule - Status: [ ] AWWA Excel File: [ ]

Validity score below the amount established by the board: 82

Excessive non-revenue water % as established by the board: 9.6

Comments: [ ]



STATE OF TENNESSEE  
**Water & Wastewater Financing Board**  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243  
Phone (615) 747-5260 Fax (615) 741-1551

January 18, 2018

Tony Stout  
Greenfield Water System  
222 N. Front St.  
Greenfield, TN 382230

Dear Mr. Stout,

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

Please fill out the attached questionnaire and return it and all supporting documentation to our office no later than February 28, 2018. Please submit this to either [utilities@cot.tn.gov](mailto:utilities@cot.tn.gov), and/or the following mailing address:

Water & Wastewater Financing Board  
ATTN: John Greer  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

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. After we receive your information, we will decide whether it is necessary for the Town to (1) meet with our staff or (2) go directly before the Board.

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

Sincerely,

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

John Greer  
Utilities Specialist

**Cc: Mayor Cindy McAdams**

# Grundy County



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: Grundy County Wastewater**

**Staff Summary:**

No information has been received.

**Staff Recommendation:**

Order the following:

1. **The County shall request the County Technical Assistance Service, the Tennessee Association of Utility Districts or another qualified expert to assist in completing the financial questionnaire sent by Board staff.**
2. **Grundy County shall send the completed financial questionnaire and all supporting documentation to Board staff by February 15, 2019.**



**STATE OF TENNESSEE**  
**Water & Wastewater Financing Board**  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243  
Phone (615) 747-5260 Fax (615) 741-1551

January 18, 2018

Mr. Billy Campbell  
Grundy County Sewer Systems  
68 Cumberland St.  
PO Box 177  
Altamont, TN 37301

Dear Mr. Campbell:

The Tennessee Comptroller of the Treasury has referred the Grundy County Sewer Systems to the Water & Wastewater Financing Board (hereinafter "Board") pursuant to Tennessee Code Annotated § 68-221-1010(a).

Please fill out the attached questionnaire and return it and all supporting documentation to our office no later than February 28, 2018. Please submit this to either [utilities@cot.tn.gov](mailto:utilities@cot.tn.gov), and/or the following mailing address:

Water & Wastewater Financing Board  
ATTN: John Greer  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

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. After we receive your information, we will decide whether it is necessary for the County to (1) meet with our staff or (2) go directly before the Board.

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

Sincerely,

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

John Greer  
Utilities Specialist

**Cc: County Mayor Michael Brady**



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 10, 2018

The Honorable Michael Brady  
Grundy County Sewer System  
68 Cumberland St.  
P.O. Box 177  
Altamont, TN 37301

Dear Mayor Brady,

The Tennessee Comptroller of the Treasury has referred the Grundy County Sewer Systems the Water & Wastewater Financing Board (hereinafter "Board") pursuant to Tennessee Code Annotated § 68-221-1010(a). This is the second consecutive year Grundy County has been referred.

Please fill out the attached questionnaire and return it and all supporting documentation to our office no later than **June 15, 2018**. Please submit this to either [utilities@cot.tn.gov](mailto:utilities@cot.tn.gov), and/or the following mailing address:

Water & Wastewater Financing Board  
ATTN: John Greer  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

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. After we receive your information, we will decide whether it is necessary for Grundy County Sewer System to (1) meet with our staff or (2) go directly before the Board.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "John Greer", is written over a large, stylized blue scribble.

John Greer  
Technical Secretary

enclosure  
cc (w/out encl.): Mr. Bill Campbell

# Humphreys County

**From:** Jessie Wallace  
**To:** [John Greer](#)  
**Cc:** [Sandy Brooks](#)  
**Subject:** Humphreys County  
**Date:** Thursday, August 23, 2018 2:56:53 PM  
**Attachments:** [6.30.18 Financial Statement Reported 8.23.18.pdf](#)

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Mr. Greer

Please find attached the Financial Statement for the Buffalo Waste Water System, as of June 30, 2018. This year we replaced some equipment that had been in service for 25 years, the cost of which drove the operating expenses up much more than usual. Please let me know if you have any questions. Please be advised that we have increased the rates 1.5% effective July 1, 2018. Thank you

Jessie R. Wallace  
Humphreys County Executive  
RM 1 Rawlings Building  
102 Thompson Street  
Waverly, TN 37185  
Phone: (931) 296-7795  
Fax: (931) 296-5011  
<http://www.humphreystn.com/>



Humphreys County, Tennessee  
Statement of Net Position  
Buffalo Wastewater Proprietary Fund  
June 30, 2018

Nonmajor  
Enterprise  
Fund  
Public  
Utility  
Fund

ASSETS

Current Assets:	
Equity in Pooled Cash and Investments	\$ 201,035
Accounts Receivable	12,792
Total Current Assets	<u>\$ 213,827</u>
Noncurrent Assets:	
Restricted Assets:	
Other Restricted Assets	\$ 113,276
Capital Assets:	
Assets Not Depreciated:	
Land	12,000
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	-
Infrastructure	541,119
Other Capital Assets	4,334
Total Noncurrent Assets	<u>\$ 670,729</u>
Total Assets	<u>\$ 884,556</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 2,029
Current Liabilities Payable from Restricted Assets:	
Customer Deposits Payable	113,276
Total Current Liabilities	<u>\$ 115,305</u>
Total Liabilities	<u>\$ 115,305</u>

NET POSITION

Investment in Capital Assets	\$ 557,453
Unrestricted	211,798
Total Net Position	<u>\$ 769,251</u>

Humphreys County, Tennessee  
Statement of Revenues, Expenses,  
and Changes in Net Position  
Buffalo Wastewater Proprietary Fund  
For the Year Ended June 30, 2018

	<u>Nonmajor Enterprise Fund Public Utility Fund</u>
<u>Operating Revenues</u>	
Charges for Services	\$ 175,379
Sewer Tap Fees	<u>7,275</u>
Total Operating Revenues	<u>\$ 182,654</u>
<u>Operating Expenses</u>	
Communication	\$ 665
Contracts with Private Agencies	58,344
Maintenance and Repair Services - Equipment	50,883
Permits	1,730
Electricity	22,076
Water and Sewer	4,443
Depreciation	45,677
Other Construction	5,175
Office Supplies	196
Dues and Memberships	450
Total Operating Expenses	<u>\$ 189,639</u>
Operating Income (Loss)	<u>\$ (6,985)</u>
<u>Non-Operating Revenues</u>	
Miscellaneous Refunds	<u>\$ -</u>
Total Non-Operating Revenues	<u>\$ -</u>
Change in Net Position	(6,985)
Net Position July 1, 2017	<u>\$ 776,236</u>
Net Position July 1, 2018	<u><u>\$ 769,251</u></u>

# Huntingdon



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: Huntingdon**

**Staff Summary:**

On May 11, 2017, the Board voted to order the Huntingdon to comply with the following:

- 1. The Town shall ensure the timely completion of a rate study performed by the Municipal Technical Advisory Service (MTAS); and**
- 2. The Town shall provide an update to Board staff with the completed rate study and the Town's proposed plan of action by August 24, 2017.**

Effective January 1, 2018, rates were increased based on an MTAS recommendation (attached). The projections from MTAS have the Town showing a positive change in net position for the next two years.

The Town did not submit information in time for the March WWFB meeting due to discrepancies in revenue projections based on incorrect meter sizing. The Town has corrected the problem.

**Staff Recommendation:**

- 1. The Town shall send financial updates to staff by March 1 and September 1 of each year, beginning March 1, 2019, until the Board releases the Town from its oversight.**



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**BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD**

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**IN THE MATTER OF:**

**T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
TOWN OF HUNTINGDON WATER AND SEWER**

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**ORDER**

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Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on May 11, 2017 reviewed the financially distressed status of the Town of Huntingdon (the "Town") water and sewer systems. Based on the deficiencies in the Town's water and sewer fund, the Board directs the Town to comply with the following:

1. The Town shall ensure the timely completion of a rate study performed by the Municipal Technical Advisory Service (MTAS); and
2. The Town shall provide an update to Board staff with the completed rate study and the Town's proposed plan of action by August 24, 2017.

Entered this 11<sup>th</sup> day of May, 2017.

  
\_\_\_\_\_  
Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

**From:** Kim Carter  
**To:** [John Greer](#)  
**Subject:** RE: Rates  
**Date:** Tuesday, March 20, 2018 12:51:49 PM

---

This sender failed our fraud detection checks and may not be who they appear to be. Learn about [spoofing](#) [Feedback](#)

John,

The new rate structure was approved on second and final reading of Ordinance No. 578 on November 28, 2017. The new rates became effective with the January 2018 billing. During the last couple of months, we have discovered that the listing of larger meter sizes that the new rate structure was based on was incorrect. Nine meters were listed as a larger size than the actual installed meter. One meter was listed smaller than the actual meter size. We have also had a small number of customers to request a change in meter size since the new rates became effective. The capital improvements plan new annual depreciation was used in calculating the new rates. We plan to make modifications to the capital improvement plan in order to adjust for the meter size differences that have come to our attention.

Please let me know if you need additional information.

Thank you,

Kim Carter

Recorder

Town of Huntingdon

731-986-2900

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**From:** John Greer [mailto:John.Greer@cot.tn.gov]  
**Sent:** Friday, March 16, 2018 12:26 PM  
**To:** Kim Carter  
**Subject:** Rates

Kim,

Do you have any update on the rate structure or study for Huntingdon?

John

***Tennessee Comptroller of the Treasury  
Division of Administration  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, TN 37243-3400***

# Town of Huntingdon

*Established 1822*

*Honoring our Heritage \*\* Shaping our Future*

October 30, 2018

Tennessee Comptroller of the Treasury  
Division of Administration  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, TN 37243-3400

Dear Sir or Madam:

The Town of Huntingdon contracted with Municipal Technical Advisory Service (MTAS) to complete a Utility Rate Study in 2017. The proposed rate structure prepared by MTAS was approved by the Town Council of the Town of Huntingdon on second and final reading of Ordinance No. 578 on December 12, 2017. The new rates became effective with the January 2018 billing. A copy of Ordinance No. 578 and Council meeting minutes are enclosed.

Also, the completed rate study is enclosed for your review. After the new rates became effective, it was discovered that the listing of larger meter sizes that the new rate structure was based on was incorrect. Nine meters were listed as a larger size than the actual installed meter. One meter was listed smaller than the actual meter size. A small number of customers requested a change in meter size when the new rates became effective. The capital improvements plan new annual depreciation was used in calculating the new rates. In order to adjust for the meter size differences, modifications will be made to the capital improvement plan.

The final spreadsheet compares the Fiscal Year 2017 water and sewer revenues with Fiscal Years 2018 and 2019 revenues with the new rates.

Should you have any questions or need any additional information, please do not hesitate to give me a call at (731) 986-2900.

Sincerely,



Dale Kelley  
Mayor

Enclosures

STATE OF TENNESSEE  
COUNTY OF CARROLL  
TOWN OF HUNTINGDON

**ORDINANCE NO. 578**

**AN ORDINANCE TO AMEND ORDINANCE 577 TO INCLUDE TITLE 18, WATER & SEWERS OF THE HUNTINGDON MUNICIPAL CODE, CHAPTER 1, WATER, AMENDING SECTION 18-113. Schedule of Rates; TITLE 18, CHAPTER 2, WASTEWATER COLLECTION AND TREATMENT SYSTEMS; AMENDING SECTION 18-209. Recovery of Cost (2) Sewer service charges, AND AUTOMATIC ADJUSTMENT OF RATES TO REFLECT COST OF LIVING.**

**WHEREAS**, a review of the current policy and procedures concerning the operation and administration of the town's public water system reveals that an amendment to this policy as set forth in Chapter 1, Title 18, of the Huntingdon Municipal Code is required, and

**NOW, THEREFORE, BE IT ORDAINED** by the Council of the Town of Huntingdon, Tennessee, that Title 18, WATER AND SEWERS, Chapter 1, WATER, shall be and is hereby changed as follows:

Section 18-113. Schedule of rates. Effective with the January 2018 billing, the following rates for the sale of water of the town based on the measured or estimated volume to the nearest multiple of 100 gallons are established as follows on a monthly basis:

(1) Water Rates – Inside Corporate Limits:

<u>Usage</u>	<u>Rate</u>
<b>Minimum Monthly Usage:</b> (based on meter size)	
5/8" meter	\$ 12.81
1" meter	\$ 34.06
1 ½" meter	\$ 68.11
2" meter	\$ 108.98
3" meter	\$ 476.79
4" meter	\$ 1,362.25

**Volume Usage:** \$3.87 per 1,000 gallons

(2) Water Rates – Outside Corporate Limits:

<u>Usage</u>	<u>Rate</u>
<b>Minimum Monthly Usage:</b> (based on meter size)	
5/8" meter	\$ 16.85

**Volume Usage:** \$5.37 per 1,000 gallons

**NOW, THEREFORE, BE IT ORDAINED** by the Council of the Town of Huntingdon, Tennessee, that Title 18, WATER AND SEWERS, Chapter 2, WASTEWATER COLLECTION AND TREATMENT SYSTEMS, shall be and is hereby changed as

Section 18-209. Recovery of cost.

(2) Sewer service charges. Sewer service charges (or user fees) shall be



collected from the person(s) or firm(s) billed for public water service to any building which is accessible to the public sanitary sewer. Accessible shall be deemed to mean a public sewer is within five hundred (500) feet of the building drain of said building. The sewer charge shall be based in the monthly volume of water metered to the premise; shall be billed on a monthly basis; shall be included with the monthly water bill and with charges collected as a single unit. No municipal employee shall accept payment of the water service charges from any customer without receiving at the same time payment of all sewer services charges owed by such customer. Water and sewer services may be discontinued for nonpayment of the combined bills. Effective with the January 2018 billing, the following sewer service charges based on gallonage of water metered to the premise shall apply:

(a) Sewer service charge – inside corporate limits:

<u>Usage</u>	<u>Rate</u>
<b>Minimum Monthly Usage:</b> (based on meter size)	
5/8" meter	\$ 12.80
1" meter	\$ 32.00
1 1/2" meter	\$ 64.00
2" meter	\$ 102.40
3" meter	\$ 447.99
4" meter	\$ 1,279.96
<b>Volume Usage:</b>	\$6.06 per 1,000 gallons

(b) Sewer service charge – outside corporate limits:

<u>Usage</u>	<u>Rate</u>
<b>Minimum Monthly Usage:</b> (based on meter size)	
5/8" meter	\$ 16.00
<b>Volume Usage:</b>	\$7.51 per 1,000 gallons

**NOW, THEREFORE, BE IT ORDAINED** by the Council of the Town of Huntingdon, Tennessee, that an **Automatic Adjustment of Rates to Reflect Cost of Living** be adjusted on an annual basis. The minimum monthly bill and the cost per 1,000 gallons as set out in the schedule of rates shall be adjusted on an annual basis in an amount equal to the percentage change in the Consumer Price Index for Urban Areas (CPI-U, US City Average, All Items) for the prior calendar year as determined by the U.S. Department of Labor. Said annual adjustment shall be effective with the July billing cycle each year. The Mayor and Town Council may reject the automatic adjustment by passage of a resolution for a specific fiscal year prior to the beginning of that year.

**BE IT FURTHER ORDAINED** by said Council that, pursuant to section 2.08(a) of the town's charter, this ordinance shall be in full force and effect from and after the twentieth day subsequent to its final passage and approval, the welfare of the town requiring it.

**BE IT FURTHER ORDAINED** by said Council that, pursuant to section 2.08(d) of the town's charter, a summary of this ordinance shall be published one time in a local newspaper of general circulation in the town within ten days of its final passage and approval, the welfare of the town requiring it.

PASSED ON FIRST READING: November 14th, 2017

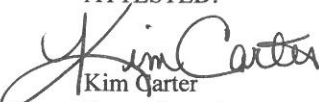
PASSED ON SECOND AND FINAL READING: November 28th, 2017 (lack of quorum)

PASSED ON SECOND AND FINAL READING: December 12th, 2017

APPROVED:

  
Dale R. Kelley  
Mayor

ATTESTED:

  
Kim Carter  
Town Recorder

REVIEWED AND APPROVED AS TO LEGAL FORM AND CONTENT:

  
Robert T. Keeton, Jr.  
Town Attorney

Water & Sewer Revenues									
July 2016 - October 2018									
Month	Water	Sewer	Month	Water	Sewer	Month	Water	Sewer	
FY-17			FY-18			FY-19			
July 2016	\$ 78,812.75	\$ 55,455.54	July 2017	\$ 69,638.55	\$ 51,663.53	July 2018	\$ 88,457.77	\$ 84,180.37	
August 2016	\$ 70,275.52	\$ 52,895.49	August 2017	\$ 72,912.38	\$ 56,378.11	August 2018	\$ 89,821.38	\$ 90,833.96	
September 2016	\$ 66,646.01	\$ 51,519.03	September 2017	\$ 68,473.81	\$ 54,314.60	September 2018	\$ 92,385.37	\$ 97,026.54	
October 2016	\$ 67,718.34	\$ 51,550.06	October 2017	\$ 73,549.06	\$ 61,646.57	October 2018	\$ 100,873.85	\$ 112,540.73	
November 2016	\$ 72,525.20	\$ 54,933.09	November 2017	\$ 66,662.53	\$ 53,705.19				
December 2016	\$ 59,614.51	\$ 47,936.22	December 2017	\$ 63,544.10	\$ 51,609.29				
January 2017	\$ 68,684.44	\$ 56,899.62	January 2018	\$ 98,305.92	\$ 105,949.48				
February 2017	\$ 64,722.77	\$ 52,607.02	February 2018	\$ 86,861.32	\$ 88,969.67				
March 2017	\$ 57,677.93	\$ 46,543.83	March 2018	\$ 83,781.42	\$ 90,406.89				
April 2017	\$ 64,297.32	\$ 51,777.92	April 2018	\$ 85,158.36	\$ 90,402.14				
May 2017	\$ 65,842.14	\$ 52,086.83	May 2018	\$ 88,542.04	\$ 92,067.28				
June 2017	\$ 64,789.56	\$ 52,572.16	June 2018	\$ 91,541.74	\$ 96,634.75				
Total	\$ 801,606.49	\$ 626,776.81	Total	\$ 948,971.23	\$ 893,747.50	Total	\$ 371,538.37	\$ 384,581.60	
Monthly Average	\$ 66,800.54	\$ 52,231.40	Monthly Average	\$ 79,080.94	\$ 74,478.96	Monthly Average	\$ 92,884.59	\$ 96,145.40	
			Increase from FY17 total	\$ 147,364.74	\$ 266,970.69	\$ 414,335.43	Annual Revenue based on Monthly Average	\$ 1,114,615.11	\$ 1,153,744.80
							Increase from FY18 total	\$ 165,643.88	\$ 259,997.30
									\$ 425,641.18
New Rates Effective January 2018 Billing									

Town of Huntingdon Water and Sewer Rate Study 2017 No rate increase	Audit FY 2014	Audit FY 2015	Audit FY 2016	Projected FY2017	Projected FY2018	Projected FY2019
<b>Operating revenues</b>						
Water sales	\$ 784,003.00	\$ 771,540.00	\$ 764,868.00	\$ 772,516.68	\$ 780,241.85	\$ 788,044.27
Sewer revenues	\$ 608,501.00	\$ 599,367.00	\$ 599,195.00	\$ 605,186.95	\$ 611,238.82	\$ 617,351.21
Leachate revenue	\$ 183,410.00	\$ 178,865.00	\$ 143,912.00	\$ 145,351.12	\$ 146,804.63	\$ 148,272.68
Sewer service charges	\$ 4,315.00	\$ 3,770.00	\$ 4,110.00	\$ 4,151.10	\$ 4,192.61	\$ 4,234.54
Forfeited discounts	\$ 25,728.00	\$ 24,738.00	\$ 26,078.00	\$ 26,338.78	\$ 26,602.17	\$ 26,868.19
Pension income	\$ -	\$ 6,248.00	\$ -	\$ -	\$ -	\$ -
Lease income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other operating revenues	\$ 6,562.00	\$ 7,147.00	\$ 7,845.00	\$ 7,923.45	\$ 8,002.68	\$ 8,082.71
<b>Total operating revenues</b>	<b>\$ 1,612,519.00</b>	<b>\$ 1,591,675.00</b>	<b>\$ 1,546,008.00</b>	<b>\$ 1,561,468.08</b>	<b>\$ 1,577,082.76</b>	<b>\$ 1,592,853.59</b>
<b>Operating expenses</b>						
Personnel costs	\$ 636,366.00	\$ 624,265.00	\$ 516,012.00	\$ 531,492.36	\$ 547,437.13	\$ 563,860.24
Utilities	\$ 128,561.00	\$ 148,920.00	\$ 126,565.00	\$ 130,361.95	\$ 134,272.81	\$ 138,300.99
Supplies	\$ 114,248.00	\$ 109,464.00	\$ 90,019.00	\$ 92,719.57	\$ 95,501.16	\$ 98,366.19
Repairs and Maintenance	\$ 169,205.00	\$ 116,091.00	\$ 145,610.00	\$ 149,978.30	\$ 154,477.65	\$ 159,111.98
Contractual services	\$ 47,450.00	\$ 109,085.00	\$ 210,797.00	\$ 217,120.91	\$ 223,634.54	\$ 230,343.57
Professional services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 53,846.00	\$ 75,160.00	\$ 56,542.00	\$ 58,238.26	\$ 59,985.41	\$ 61,784.97
Other	\$ 33,560.00	\$ 32,593.00	\$ 39,102.00	\$ 40,275.06	\$ 41,483.31	\$ 42,727.81
Depreciation	\$ 479,892.00	\$ 502,584.00	\$ 498,178.00	\$ 504,178.00	\$ 539,053.00	\$ 600,678.00
<b>Total operating expenses</b>	<b>\$ 1,663,128.00</b>	<b>\$ 1,718,162.00</b>	<b>\$ 1,682,825.00</b>	<b>\$ 1,724,364.41</b>	<b>\$ 1,795,845.00</b>	<b>\$ 1,895,173.76</b>
<b>Total operating income (expense)</b>	<b>\$ (50,609.00)</b>	<b>\$ (126,487.00)</b>	<b>\$ (136,817.00)</b>	<b>\$ (162,896.33)</b>	<b>\$ (218,762.24)</b>	<b>\$ (302,320.17)</b>
<b>Nonoperating income (expense)</b>						
Interest earned	\$ 2,675.00	\$ 2,179.00	\$ 4,127.00	\$ 4,127.00	\$ 4,127.00	\$ 4,127.00
Sale of surplus property	\$ -	\$ -	\$ -			
Interest expense	\$ (37,652.00)	\$ (33,387.00)	\$ (28,914.00)	\$ (28,914.00)	\$ (28,914.00)	\$ (28,914.00)
<b>Total nonoperating income (expenses)</b>	<b>\$ (34,977.00)</b>	<b>\$ (31,208.00)</b>	<b>\$ (24,787.00)</b>	<b>\$ (24,787.00)</b>	<b>\$ (24,787.00)</b>	<b>\$ (24,787.00)</b>
<b>Change in net position before transfers and capital contributions</b>	<b>\$ (85,586.00)</b>	<b>\$ (157,695.00)</b>	<b>\$ (161,604.00)</b>	<b>\$ (187,683.33)</b>	<b>\$ (243,549.24)</b>	<b>\$ (327,107.17)</b>
<b>Transfers and capital contributions</b>						
In lieu of tax transfer	\$ (54,931.00)	\$ (55,801.00)	\$ (44,211.00)	\$ (44,211.00)	\$ (44,211.00)	\$ (44,211.00)
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tap fees	\$ 11,450.00	\$ 21,800.00	\$ 15,600.00	\$ 15,600.00	\$ 15,600.00	\$ 15,600.00
CDBG disaster grant	\$ 115,594.00	\$ -	\$ -	\$ -	\$ -	\$ -
CDBG sewer project	\$ 444,853.00	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total transfers and capital contributions</b>	<b>\$ 516,966.00</b>	<b>\$ (34,001.00)</b>	<b>\$ (28,611.00)</b>	<b>\$ (28,611.00)</b>	<b>\$ (28,611.00)</b>	<b>\$ (28,611.00)</b>
<b>Change in net position</b>	<b>\$ 431,380.00</b>	<b>\$ (191,696.00)</b>	<b>\$ (190,215.00)</b>	<b>\$ (216,294.33)</b>	<b>\$ (272,160.24)</b>	<b>\$ (355,718.17)</b>
Total net position- beginning	\$ 8,151,142.00	\$ 8,477,500.00	\$ 8,295,528.00	\$ 8,105,313.00	\$ 7,889,018.67	\$ 7,616,858.43
Prior period adjustment	\$ (105,000.00)	\$ -	\$ -	\$ -	\$ -	\$ -
Prior period restatement- GASBY 68 & 71	\$ -	\$ 9,724.00	\$ -	\$ -	\$ -	\$ -
Total net position- beginning- restated	\$ 8,046,142.00	\$ 8,487,224.00	\$ 8,295,528.00	\$ 8,105,313.00	\$ 7,889,018.67	\$ 7,616,858.43
<b>Total net position- ending</b>	<b>\$ 8,477,522.00</b>	<b>\$ 8,295,528.00</b>	<b>\$ 8,105,313.00</b>	<b>\$ 7,889,018.67</b>	<b>\$ 7,616,858.43</b>	<b>\$ 7,261,140.25</b>
Assumes: 1% per yr revenue growth and 3% per yr expense growth						
Includes New Annual Depreciation from Capital Improvements Plan FY17, FY18, and FY19						
2019 Fixed costs	Contractual	\$ 230,344.00			2019 op rev:	\$ 1,592,853.59
	Insurance	\$ 61,785.00			2019 def:	\$ 355,718.17
	Depreciation	\$ 600,678.00			2019 need:	\$ 1,948,571.76
	Interest	\$ 28,914.00			Min Bill rev:	?
	In lieu of tax	\$ 44,211.00			gal rev need:	?
2019 Fixed costs		\$ 965,932.00				

Town of Huntingdon Water and Sewer Rate Study 2017 20% rate increase	Audit FY 2014	Audit FY 2015	Audit FY 2016	Projected FY2017	Projected FY2018	Projected FY2019
<b>Operating revenues</b>						
Water sales	\$ 784,003.00	\$ 771,540.00	\$ 764,868.00	\$ 887,246.88	\$ 1,073,568.72	\$ 1,084,304.41
Sewer revenues	\$ 608,501.00	\$ 599,367.00	\$ 599,195.00	\$ 695,066.20	\$ 841,030.10	\$ 849,440.40
Leachate revenue	\$ 183,410.00	\$ 178,865.00	\$ 143,912.00	\$ 145,351.12	\$ 146,804.63	\$ 148,272.68
Sewer service charges	\$ 4,315.00	\$ 3,770.00	\$ 4,110.00	\$ 4,151.10	\$ 4,192.61	\$ 4,234.54
Forfeited discounts	\$ 25,728.00	\$ 24,738.00	\$ 26,078.00	\$ 26,338.78	\$ 26,602.17	\$ 26,868.19
Pension income	\$ -	\$ 6,248.00	\$ -	\$ -	\$ -	\$ -
Lease income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other operating revenues	\$ 6,562.00	\$ 7,147.00	\$ 7,845.00	\$ 7,923.45	\$ 8,002.68	\$ 8,082.71
<b>Total operating revenues</b>	<b>\$ 1,612,519.00</b>	<b>\$ 1,591,675.00</b>	<b>\$ 1,546,008.00</b>	<b>\$ 1,766,077.53</b>	<b>\$ 2,100,200.92</b>	<b>\$ 2,121,202.93</b>
<b>Operating expenses</b>						
Personnel costs	\$ 636,366.00	\$ 624,265.00	\$ 516,012.00	\$ 531,492.36	\$ 547,437.13	\$ 563,860.24
Utilities	\$ 128,561.00	\$ 148,920.00	\$ 126,565.00	\$ 130,361.95	\$ 134,272.81	\$ 138,300.99
Supplies	\$ 114,248.00	\$ 109,464.00	\$ 90,019.00	\$ 92,719.57	\$ 95,501.16	\$ 98,366.19
Repairs and Maintenance	\$ 169,205.00	\$ 116,091.00	\$ 145,610.00	\$ 149,978.30	\$ 154,477.65	\$ 159,111.98
Contractual services	\$ 47,450.00	\$ 109,085.00	\$ 210,797.00	\$ 217,120.91	\$ 223,634.54	\$ 230,343.57
Professional services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 53,846.00	\$ 75,160.00	\$ 56,542.00	\$ 58,238.26	\$ 59,985.41	\$ 61,784.97
Other	\$ 33,560.00	\$ 32,593.00	\$ 39,102.00	\$ 40,275.06	\$ 41,483.31	\$ 42,727.81
Depreciation	\$ 479,892.00	\$ 502,584.00	\$ 498,178.00	\$ 504,178.00	\$ 539,053.00	\$ 600,678.00
<b>Total operating expenses</b>	<b>\$ 1,663,128.00</b>	<b>\$ 1,718,162.00</b>	<b>\$ 1,682,825.00</b>	<b>\$ 1,724,364.41</b>	<b>\$ 1,795,845.00</b>	<b>\$ 1,895,173.76</b>
<b>Total operating income (expense)</b>	<b>\$ (50,609.00)</b>	<b>\$ (126,487.00)</b>	<b>\$ (136,817.00)</b>	<b>\$ 41,713.12</b>	<b>\$ 304,355.92</b>	<b>\$ 226,029.17</b>
<b>Nonoperating income (expense)</b>						
Interest earned	\$ 2,675.00	\$ 2,179.00	\$ 4,127.00	\$ 4,127.00	\$ 4,127.00	\$ 4,127.00
Sale of surplus property	\$ -	\$ -	\$ -			
Interest expense	\$ (37,652.00)	\$ (33,387.00)	\$ (28,914.00)	\$ (28,914.00)	\$ (28,914.00)	\$ (28,914.00)
<b>Total nonoperating income (expenses)</b>	<b>\$ (34,977.00)</b>	<b>\$ (31,208.00)</b>	<b>\$ (24,787.00)</b>	<b>\$ (24,787.00)</b>	<b>\$ (24,787.00)</b>	<b>\$ (24,787.00)</b>
<b>Change in net position before transfers and capital contributions</b>	<b>\$ (85,586.00)</b>	<b>\$ (157,695.00)</b>	<b>\$ (161,604.00)</b>	<b>\$ 16,926.12</b>	<b>\$ 279,568.92</b>	<b>\$ 201,242.17</b>
<b>Transfers and capital contributions</b>						
In lieu of tax transfer	\$ (54,931.00)	\$ (55,801.00)	\$ (44,211.00)	\$ (44,211.00)	\$ (44,211.00)	\$ (44,211.00)
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tap fees	\$ 11,450.00	\$ 21,800.00	\$ 15,600.00	\$ 15,600.00	\$ 15,600.00	\$ 15,600.00
CDBG disaster grant	\$ 115,594.00	\$ -	\$ -	\$ -	\$ -	\$ -
CDBG sewer project	\$ 444,853.00	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total transfers and capital contributions</b>	<b>\$ 516,966.00</b>	<b>\$ (34,001.00)</b>	<b>\$ (28,611.00)</b>	<b>\$ (28,611.00)</b>	<b>\$ (28,611.00)</b>	<b>\$ (28,611.00)</b>
<b>Change in net position</b>	<b>\$ 431,380.00</b>	<b>\$ (191,696.00)</b>	<b>\$ (190,215.00)</b>	<b>\$ (11,684.88)</b>	<b>\$ 250,957.92</b>	<b>\$ 172,631.17</b>
<b>Total net position- beginning</b>	<b>\$ 8,151,142.00</b>	<b>\$ 8,477,500.00</b>	<b>\$ 8,295,528.00</b>	<b>\$ 8,105,313.00</b>	<b>\$ 8,093,628.12</b>	<b>\$ 8,344,586.04</b>
Prior period adjustment	\$ (105,000.00)	\$ -	\$ -	\$ -	\$ -	\$ -
Prior period restatement- GASBY 68 & 71	\$ -	\$ 9,724.00	\$ -	\$ -	\$ -	\$ -
<b>Total net position- beginning- restated</b>	<b>\$ 8,046,142.00</b>	<b>\$ 8,487,224.00</b>	<b>\$ 8,295,528.00</b>	<b>\$ 8,105,313.00</b>	<b>\$ 8,093,628.12</b>	<b>\$ 8,344,586.04</b>
<b>Total net position- ending</b>	<b>\$ 8,477,522.00</b>	<b>\$ 8,295,528.00</b>	<b>\$ 8,105,313.00</b>	<b>\$ 8,093,628.12</b>	<b>\$ 8,344,586.04</b>	<b>\$ 8,517,217.21</b>

Assumes: 1% per yr revenue growth and  
3% per yr expense growth

Includes New Annual Depreciation from  
Capital Improvements Plan FY17, FY18,  
and FY19

Fixed costs= 2019 Fixed costs	Contractual	\$ 230,344.00	2019 op rev:	
	Insurance	\$ 61,785.00	2019 def:	
	Depreciation	\$ 600,678.00	2019 need:	
	Interest	\$ 28,914.00	Min Bill rev:	?
	In lieu of tax	\$ 44,211.00	gal rev need:	?
2019 Fixed costs		\$ 965,932.00		

New Annual Depreciation from Capital Improvements Plan		2017	2018	2019
5 yr items		\$ -	\$ 12,000.00	\$ 7,000.00
10 yr items		\$ -	\$ 12,500.00	\$ 5,000.00
15 yr items		\$ -	\$ -	\$ 4,000.00
20 yr items		\$ -	\$ 750.00	\$ 10,000.00
40 year items		\$ 6,000.00	\$ 3,625.00	\$ 750.00
New depreciation sub totals		<u>\$ 6,000.00</u>	\$ 28,875.00	\$ 26,750.00
			\$ 6,000.00	\$ 6,000.00
			<u>\$ 34,875.00</u>	\$ 28,875.00
				<u>\$ 61,625.00</u>
FY 17	depr. yr.			
Rip Rap	40	\$ 30,000.00		
Contact chamber	40	\$ 20,000.00		
Chemical building	40	\$ 60,000.00		
Williams St force main	40	\$ 30,000.00		
Water lines	40	\$ 100,000.00		
FY 18				
Rip Rap	40	\$ 30,000.00		
Culverts	20	\$ 10,000.00		
Water lines	40	\$ 100,000.00		
Hydrants	20	\$ 15,000.00		
Backhoe	10	\$ 125,000.00		
4x4 truck	5	\$ 30,000.00		
F 150	5	\$ 30,000.00		
FY 19				
Lime feeder	15	\$ 60,000.00		
Rip Rap	40	\$ 30,000.00		
Pump Station- Tractor Supply	20	\$ 200,000.00		
Mapping Upgrade	5	\$ 35,000.00		
Tractor	10	\$ 50,000.00		

		Continuous Capacity (gpm)	Base Units per meter size			Monthly Min Bill rev by meter size	Min. Mo. Bill: non res	Meter Size
<b>Meters</b>	5/8" meter - 2,401	10	1.0X	2,401 X		\$ 32,707.60		
	1" meter - 26	25	2.5X	65 X		\$ 885.46	\$ 34.06	1"
	1½" meter - 3	50	5.0X	15 X		\$ 204.34	\$ 68.11	1 1/2 "
	2" meter- 36	80	8.0X	288 X		\$ 3,923.28	\$ 108.98	2"
	3" meter- 4	350	35.0X	140 X		\$ 1,907.15	\$ 476.79	3"
	4" meter- 4	1,000	100.0X	400 X		\$ 5,449.00	\$ 1,362.25	4"
			<b>Base Unit multiples</b>		3,309 X	Monthly \$ 45,076.83	Monthly Fixed Cost	
Fixed Cost/yr-Water	\$ 540,921.92				Yearly	\$ 540,921.92		
Fixed Cost/mo	\$45,077	3,309	\$45,077/3,309	\$ 13.62	: X Unweighted			
The base unit above (x) is unweighted. The base unit (Y) will be weighted for residential customers for inside and outside based on the current ratio of inside to outside rates. Other Minimum bills based on meter continuous capacity will all be based on the unweighted unit X.								
	(0.76)2,085Y inside+ 356Y outside=	\$ 32,707.60	\$32,707.60/(1,584.6+356)=	\$ 16.85	: Y Weighted	\$32,707.60/1940.6	\$ 16.85	
<b>Proposed Residential</b>	\$ 16.85 =	<b>Outside</b>	<b>Current Residential</b>	\$ 12.81 =	<b>Outside</b>			
<b>Proposed Residential</b>	\$ 12.81 =	<b>Inside</b>	<b>Current Residential</b>	\$ 9.78 =	<b>Inside</b>			
Monthly res min rev	(0.76)2085(16.85)+356(16.85)=	\$ 35,868.31	Greater than \$32,707 so OK					
<b>Usage charge:</b>								
Existing rate ratio	5.41/7.54 Inside/Outside	0.72						
Consumption	inside- 120,274.60 k gal							
Consumption	outside- 15,850.20 k gal							
	(.72)120,274.60X + 15850.20X =	\$ 550,278.26						
	X=	\$ 5.37						
<b>Residential Proposed</b>	<b>Inside rate/1000 =</b>	<b>\$ 3.87</b>	<b>Current Residential</b>	<b>\$ 5.41</b>				
<b>Residential Proposed</b>	<b>Outside rate/1000 =</b>	<b>\$ 5.37</b>	<b>Current Residential</b>	<b>\$ 7.54</b>				
Volume rev.	(.72)120,274.6(5.37)+15,850.2(5.37)	\$ 550,145.29						
Min. bill rev.		\$ 540,921.92						
Total revenue		\$ 1,091,067.21						
FY2019 est. need		\$ 1,091,200.18						
Difference		\$ (132.98)						
2019 op rev:	\$ 1,592,853.59							
2019 def:	\$ 355,718.17							
2019 need:	\$ 1,948,571.76	\$ 1,091,200.18	Water					
Min Bill rev:	\$ 965,932.00	\$ 540,921.92	Water					
gal rev need:	\$ 982,639.76	\$ 550,278.26	Water					
Min %	50%							
Vol %	50%							





**Water & Sewer Rates:**

**Water:**

Proposed Residential \$ 16.85 = Outside    Current Residential \$ 12.81 = Outside  
 Proposed Residential \$ 12.81 = Inside    Current Residential \$ 9.78 = Inside

Min. Mo. Bill: non      Meter  
 residential              Size

\$            34.06 1"  
 \$            68.11 1 1/2 "  
 \$            108.98 2"  
 \$            476.79 3"  
 \$            1,362.25 4"

Proposed    Proposed    Current    Current  
Inside       Outside    Inside     Outside

Volume Usage:    \$/1,000 g    \$ 3.87    \$ 5.37    \$ 5.71    \$ 7.54

**Sewer:**

Proposed Residential \$ 16.00 = Outside    Current Residential N/A = Outside  
 Proposed Residential \$ 12.80 = Inside    Current Residential \$ 13.70 = Inside

Min. Mo. Bill: non      Meter  
 residential              Size

\$            32.00 1"  
 \$            64.00 1 1/2 "  
 \$            102.40 2"  
 \$            447.99 3"  
 \$            1,279.96 4"

Proposed    Proposed    Current    Current  
Inside       Outside    Inside     Outside

Volume Usage:    \$/1,000 g    \$ 6.06    \$ 7.51    \$ 3.52    \$ 4.36

# Kenton



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

**Case: Kenton**

**Staff Summary:**

Kenton has been referred for financial distress.

TOWN OF KENTON				
HISTORY FILE				
	Audited		Audited	
Fiscal Year 6/30	2015	2016	2017	
Water/Sewer revenues	\$ 264,259	\$ 269,890	\$ 260,344	
Other revenues	\$ 17,756	\$ 47,389	\$ 52,919	
		.		
<b>Total Operating Revenues</b>	<b>\$ 282,015</b>	<b>\$ 317,279</b>	<b>\$ 313,263</b>	
<b>Total Operating Expenses</b>	<b>\$ (280,652)</b>	<b>\$ (323,682)</b>	<b>\$ (313,125)</b>	
Operating Income	\$ 1,363	\$ (6,403)	\$ 138	
Interest Income (expense)	\$ (22,621)	\$ (22,404)	\$ (20,879)	
Grant/Capitol Cont.	\$ 283,916	\$ 539,708	\$ 92,195	
<b>Change in Net Position</b>	<b>\$ 262,658</b>	<b>\$ 510,901</b>	<b>\$ 71,454</b>	

The Town did not send in the financial questionnaire that we provided them. The Mayor has sent in a plan but provided no data to verify his assertions.

**Staff Recommendation:**

Order the following:

1. The Town shall request the Municipal Technical Advisory Service, the Tennessee Association of Utility Districts or another qualified expert to perform a rate study to include
  - a. a review of all water rates, including a justification for the differing rate classes,
  - b. a review of all sewer rates, including a justification for the differing rate classes, and
  - c. a proposed plan of action to remedy the financially distressed condition of the Town.
2. The Town shall send the completed rate study, the proposed or implemented plan of action, and all supporting documentation to Board staff by February 15, 2019.



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

February 6, 2018

The Honorable Danny Jowers  
Town of Kenton  
108 North Poplar St.  
Kenton, TN 38233

Dear Mayor Jowers,

The Tennessee Comptroller of the Treasury has referred the Town of Kenton to the Water & Wastewater Financing Board (hereinafter "Board") 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 **March 9, 2018**. Please submit this to either [utilities@cot.tn.gov](mailto:utilities@cot.tn.gov), and/or the following mailing address:

Water & Wastewater Financing Board  
ATTN: John Greer  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

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. After we receive your information, we will decide whether it is necessary for the Town of Kenton to (1) meet with our staff or (2) go directly before the Board.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "John Greer", is written over a light blue horizontal line.

John Greer  
Technical Secretary

enclosure  
cc (w/out enc.): Mr. Nathan Spencer

DANNY JOWERS, MAYOR  
CHARLES CROUSON, CITY JUDGE  
SHAYNA JACKSON, RECORDER

**CITY OF KENTON**  
KENTON, TENNESSEE 38233  
(731) 749-5767

ALDERPERSONS:  
DELORES AGEE  
JOHN MAUGHAN  
WADE SIMPSON  
LISA SKINNER  
SARAH SKINNER  
GLENN ZARECOR

April 3, 2018

John Greer, Technical Secretary  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, TN 37243

Dear Mr. Greer,

After a review of budget and other factors involving the water utilities of the City of Kenton, I am summarizing some observations and plan of action to erase the loss reported in our latest audit.

One glaring discrepancy is the way our tank maintenance plan was shown in our financial audit. After speaking with Joe Enoch, our auditor, it was discovered that the tank maintenance was not set up as a depreciated expense but rather as a yearly expense with the bulk (\$50,000 +) per year for the first three years. After three years this expense drops to around \$18,000.00 per year. Had this been set up as a depreciated expense, Mr. Enoch advised it would have been a \$20,000.00 increase in our revenue.

The second factor is a rate increase that does not fully reflect in the latest audit. The City Board increased rates by \$1.00 per 1000 gallons used over the minimum of 2000 gallons. After reviewing the water logs and bills over the minimum amount, 70% of all water bills are over the minimum amount. We estimate an increase of revenue for this action to be at least \$10,000.00 positive.

Finally, the Board has agreed to change all water meters in town with new automated meters. This is an initial cost of \$100,000.00, depreciated out over 20 years. The estimate conservative increase in water revenue is 5%, based upon water sales which is a \$13,000.00 increase.

Please advise if this plan of action is acceptable or other action is needed. I truly believe the new meters will solve the problem of water loss. If I may be of further service, please contact me at the Kenton City Hall at 731-749-5767.

Sincerely,



Mayor Danny Jowers

# LaGrange



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

**Case: LaGrange**

**Staff Summary:**

LaGrange has been referred for financial distress.

TOWN OF LAGRANGE				
HISTORY FILE				
	Audited		Audited	
Fiscal Year 6/30	2015	2016	2017	
Water/Sewer revenues	\$ 38,683	\$ 41,047	\$ 41,608	
Other revenues	\$ 3,541	\$ 2,159	\$ 767	
<b>Total Operating Revenues</b>	<b>\$ 42,224</b>	<b>\$ 43,206</b>	<b>\$ 42,375</b>	
<b>Total Operating Expenses</b>	<b>\$ (58,864)</b>	<b>\$ (53,412)</b>	<b>\$ (56,323)</b>	
Operating Income	\$ (16,640)	\$ (10,206)	\$ (13,948)	
Interest Income (expense)	\$ 111	\$ 290	\$ 214	
Grant/Capital Cont.	\$ 354,113	\$ 348,644	\$ 11,977	
<b>Change in Net Position</b>	<b>\$ 337,584</b>	<b>\$ 338,728</b>	<b>\$ (1,757)</b>	

The Town proactively had TAUD perform a rate analysis. It in turn adopted a new rate structure prescribed by TAUD (see attached). The new rates will bring the Town into financial compliance.

**Staff Recommendation:**

Order the following:

- 1. The Town shall send financial updates to staff by March 1 and September 1 of each year, beginning March 1, 2019, until the Board releases the Town from its oversight.**



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 10, 2018

The Honorable John P. Walker, Jr.  
Town of LaGrange  
P.O. Box 621  
LaGrange, TN 38046

Dear Mayor Walker,

The Tennessee Comptroller of the Treasury has referred the Town of LaGrange to the Water & Wastewater Financing Board (hereinafter "Board") 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 **June 15, 2018**. Please submit this to either [utilities@cot.tn.gov](mailto:utilities@cot.tn.gov), and/or the following mailing address:

Water & Wastewater Financing Board  
ATTN: John Greer  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

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. After we receive your information, we will decide whether it is necessary for the Town to (1) meet with our staff or (2) go directly before the Board.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "John Greer", is written over a large, stylized blue scribble.

John Greer  
Technical Secretary

enclosure  
cc (w/out encl.): Mr. Robert Hensley





**TOWN OF LA GRANGE**  
**20 MAIN STREET**  
**P.O. BOX 621**  
**LA GRANGE, TENNESSEE 38046**  
**(901) 878-1246 (Tel.)**  
**(901) 878-1861 (Fax)**  
[townoflagrange@comcast.net](mailto:townoflagrange@comcast.net)

6/12/18

Mr. John Greer  
Technical Secretary  
Water & Wastewater Financing Board  
Fourth Floor Cordell Hull building  
425 Fifth Ave. North  
Nashville, TN 37243

Dear Mr. Greer,

In response to your letter of April 10, 2018, I am attaching documentation as requested. I think you will find it satisfactory to make the determination that the Town of La Grange has taken the necessary steps to correct the mistakes made in the past and we did so on our own accord after it was brought to my attention after taking office a little over a year ago.

I have included a copy of the September 25, 2017 TAUD report that we requested so as to give us a fact based, non-emotional recommendation to come up with a new rate structure. Supporting data is attached which was also requested in your questionnaire. Also included is the work sheet they requested to run the analysis. After multiple board meetings we adopted the new rates and they went into effect this past January. One of the recommendations from TAUD was to use the CPI to adjust rates yearly to keep up with inflation. At last night's Board of Alderman meeting, the Aldermen voted to increase the rates based on the CPI on a yearly basis.

We do not have a sewer system. A copy of our Debt Management Policy, Resolution No. R-2011-04 is attached. We follow proper accounting policy and procedures as directed by our CMFO and auditors as to capitalization issues and do not presently have a written policy.

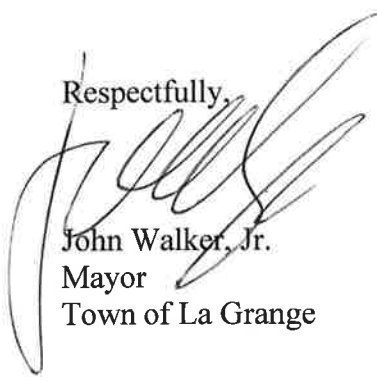
Here are the answers to your questions:

1. Yes, see attached ordinance O-2018-04
2. Board of Aldermen, no separate board.
3. 84 total, 2 commercial, all metered and billed.
4. 30.6%
5. Yes, see ordinance O-2018-04, adopted 12/11/18. See attached minutes.
6. TAUD analysis, see attached.

7. All by Board of Aldermen approval
8. Notification on bills and send letter in mail.
9. No, in discussion with Mark Butler with TAUD.
10. Yes, annually with Mayor and Water Manager.
11. No
12. Yes, see attached policy as well as last 2 years of adjustments.
13. No
14. No
15. No
16. Produce, \$8.806/1000 gal.
17. No
18. .00066%. No
19. Monthly, public notice posted and email
20. Yes. All board members are elected for 2 year terms and will come up for election this November. They are Jill Cox, Paul Ince, Rhonda Nolan, Greg Kinney, Earl Smith and Eileen Cowan.

I hope our response is satisfactory to resolve our issues with the WWFB.  
Please let me know if I can be of further assistance.

Respectfully,



John Walker, Jr.  
Mayor  
Town of La Grange

B. I.

# ORDINANCE NUMBER: O-2017-04

## AN ORDINANCE ADJUSTING THE SCHEDULE OF RATES FOR WATER USAGE.

BE IT ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE TOWN OF LA GRANGE, TENNESSEE, as follows:

**Section 1:** The following schedule of rates and charges for water usage is hereby adopted by the Town of La Grange for all users of the Town water system:

Monthly Base Fee (0 gallons)	\$ 21.00
Cost per 1,000 gallons	\$ 9.34

**Section 2:** The cost per 1,000 gallons as set out in the schedule of rates shall be adjusted on an annual basis, by ordinance of the Board of Mayor and Aldermen.

**Section 3:** This ordinance shall take effect January 1, 2018, the public welfare requiring it.

**Section 4:** All ordinances and resolutions, specifically Ordinance Number O-2017-01, and all other rate schedules in conflict herewith are hereby repealed.

**Passed First Reading:** November 13, 2017

**Passed Second Reading:** December 11, 2017

**PASSED AND ADOPTED THIS THE 11<sup>th</sup> DAY OF December 2017.**

**APPROVED:**

\_\_\_\_\_  
**Mayor**

**ATTEST:**

\_\_\_\_\_  
**Town Recorder**

D. G. a - i

**MINUTES OF TOWN MEETING  
BOARD OF MAYOR AND ALDERMEN  
LA GRANGE, TENNESSEE  
Monday, December 11, 2017**

**1. Call to Order:**

Mayor John P. Walker, Jr. called the meeting to order at 6:55 p.m. Mayor Walker led the invocation and the Pledge of Allegiance.

**2. Roll Call:**

Alderman Eileen Cowan	Alderman Earl Smith
Alderman Paul Ince	Vice Mayor Jill Cox
Alderman Gregory G. Kinney	Mayor John P. Walker, Jr.
Alderman Rhonda Nolan	

A quorum was present. Alderman Kinney was absent. Wallace & Nora Witmer were present.

**3. Minutes of November 13, 2017:**

Vice Mayor Cox requested that one correction be made to the minutes. Under 7. Old Business – Proposed Research Procedure for Mayor & Board of Aldermen, one sentence was added under this heading. **Mayor would make all inquiries and copy aldermen, in order to prevent duplicate requests.**

**Vice Mayor Cox moved to approve the Minutes of November 13, 2017 with one correction. Alderman Smith seconded the motion. The motion carried.**

**4. Citizens Response to Items on the Agenda: None**

**5. Communications from the Mayor:**

Bills Payable for November 2017 attached for review by the board.

**Vice Mayor Cox moved to pay the bills as submitted for November 2017. Alderman Nolan seconded the motion. The motion carried**

**6. Reports from Committees:**

*Fire Report* – Fire Department Monthly Report for October 2017 and November 2017 attached.

*Police Department* - Police Report for November 2017 attached.

*Water Department* – Water loss for November 2017 was 14%.

*Planning & Zoning* – Term of office expires for two members (Jill Cox and Jim Ballard) in December 2017.

**Alderman Smith moved to appoint Paul Ince to fill one of the position on the Planning & Zoning Commission to serve a term of four years. Alderman Cowan seconded the motion. The motion carried.**

**Alderman Ince moved to appoint Trey Cowan to fill one of the position on the Planning & Zoning Commission to serve a term of five years. Alderman Nolan seconded the motion. The motion carried.**

*Historic Zoning Commission* - None

*Streets & Municipal Property* – Mayor Walker stated that he talked to Fowler Paving about doing an estimate on repairing and paving all the streets in La Grange. He stated that he had consulted with CMFO Lorie Rice about how they got the streets in Grand Junction repaired and paved.

CMFO Rice stated that they did a loan for the street repairs in Grand Junction. It was a 6-year capital outlay loan. Capital outlay loans can be done as a 3, 6, or 12-year loan. Interest rate was less than 3%. Capital outlay is money spent to acquire, maintain, repair, or upgrade capital assets.

Minutes, December 11, 2017  
Board of Mayor and Aldermen  
La Grange, Tennessee

*Mayor's Report* - None

*Recorder's Report* – Auditors were here the week of December 4, 2017. Auditors have offered to cleanup Quickbooks for a fee of \$100.00 an hour. Cleanup of Quickbooks should take 4 to 8 hours.

Vice Mayor Cox moved to authorize the auditors to cleanup Quickbooks and not to exceed \$1,000. Alderman Nolan seconded the motion. The motion carried.

*CMFO's Report* – November 2017 report attached. Account balances were added to first page of report. The word “Sewer” was asked to be removed from Water Revenues and Expenditures. CMFO Lorie Rice went over report with the board. Question was asked about where the Water Fund Check for \$7,064 was deposited in the General Fund. Research will be done to answer this question.

*LaGrange Cultural Foundation, Inc.* - None

*Board of Zoning Appeals* - The last meeting of this Board was held on November 30, 2016.

*Beer Board* - The last meeting of this Board was held on October 8, 2012.

7. Old Business:

**Second and Final Reading of Ordinance Number O-2017-04:** An ordinance adjusting the schedule of rates for rates for water usage.

Vice Mayor Cox moved to approve the second and final reading of Ordinance O-2017-04. Alderman Nolan seconded the motion. The motion carried.

8. New Business:

A. **Resolution R-2017-03:** A resolution to show support for the Memphis Regional Megasite.

Vice Mayor Cox moved to adopt Resolution R-2017-03. Alderman Nolan seconded the motion. The motion carried.

B. **Ordinance O-2018- \_\_\_\_:** An ordinance pertaining to the keeping of junked or derelict automobiles within the Town's Corporate Limits.

Ordinance tabled to next town meeting for further review and discussion.

9. Adjournment:

Alderman Cowan moved to adjourn at 7:55 p.m. Alderman Nolan seconded the motion. The motion carried.



Town Recorder



Mayor



Date Approved

M. G.

September 25, 2017

LAGRANGE, TENNESSEE - SUMMARY

Issues

Debt was paid off during 2014 creating a decrease in cash. Paying off debt creates several problems, one of which is you have depleted cash for unexpected maintenance. Also, you will need to borrow in the future, perhaps at a higher rate of interest than the previous loan was secured by. Currently, cash is above the recommended best practices of 1x operating expenses and has been since 2010. These numbers may be skewed due to the large amounts of grants received since 2012.

You stated that a clerical employee will be paid approximately \$12,000 (salary, payroll taxes & insurance) from the water fund beginning this fiscal year. Based on current rates, this could create a net loss as we previously discussed.

As stated, the City does not have plans for capital improvements/expenditures for the next 5-10 years. If additional items are purchased, those costs will need to be added to the budget/rate structure. Also, there will be depreciation on new assets that will need to be budgeted. Remember, budgets are not year-to-year, but should be a minimal of 3-5 years out.

Recommendations

How long does it take to accumulate cash? Without proper reserves, cash can be depleted significantly. When budgeting and rate setting, always consider a downturn in the economy, seasonal sales and salary and benefit changes. Do you have annual departmental meetings that discuss new assets to be acquired and the life expectancy of current and future assets? This should be a part of your annual budgeting process which will allow you to properly plan for replacement of capital expenditures along with their depreciation and maintenance.

Tennessee law has passed a law that will not allow capital contributions and/or grants in determining net income. In analyzing the past audit reports, we noticed from 2012 - 2016 that funds were being subsidized by grants. Please be aware that grant funds provided needed cash for projects and developments. This type of funds may not always be available in the future and rate structures should support be self sustaining. Please refer to TCA Code 68-221-1010.

As we can see based discussions with you, rates have risen slightly since 2010. Rates need to be reviewed every year to provide for future projects, new debt, depreciation and just simple cost of inflation. In reviewing your budget for the upcoming fiscal year, we determined that rates will need to be raised to provide for these expenditures. There are several different scenarios to raise rates, see attached summary.

It is also suggested to increase rates based on the attached Consumer Price Index (CPI) schedules. Also attached is a sample of a resolution that can be used to raise rates based on CPI schedules. Rates need to be increased every year for inflation. It is suggested to increasing rates yearly at 3%, for inflation.

There also needs to be contingencies for staff replacement issues. Does your Organization have a succession plan and organization chart (procedures and budgets for hiring, firing and retiring)? If someone is retiring, how long would it take to train the new employee before the other employee leaves? This creates temporary double salaries, cost of licensing, benefits, training, etc.

Tennessee law also states that members of Municipal boards shall attend a minimum of 12 hours of training and continuing education within the first year of initial election or re-election and 12 hours every three years after that. Records must be kept and there are stiff penalties for not doing this. Please refer to TCA Code 7-34-115.

Please let us know of questions and thoughts including the consumer price index information.

Thank you,

Mark L. Butler  
Melanie Sain

**Rate Increase Summary for City of LaGrange**

The projected expenses for the year ended 6/30/18 are \$58,764 as shown below. In order to generate income to fund these expenses, rates need to be increased. There are several scenarios listed below. Please review and let us know of any questions.

Budgeted expenditures for year ended 6/30/18	58,764
--	--------

<u>In order to generate the very minimum needed:</u>	
<b>Scenario 1</b>	
FIXED - \$18 minimum	17,712 (\$18 x 82 customers x 12 month)
VARIABLE - \$11.34 per 1,000	47,071 (4150883 GALLONS USED/1000 * \$11.34)
<b>Revenue Generated</b>	<u>64,783</u>
<b>Scenario 2</b>	
FIXED - \$20 minimum	19,680 (\$20 x 82 customers x 12 month)
VARIABLE - \$10.34 per 1,000	42,920 (4150883 GALLONS USED/1000 * \$10.34)
<b>Revenue Generated</b>	<u>62,600</u>
<b>Scenario 3</b>	
FIXED - \$21 minimum	20,664 (\$21 x 82 customers x 12 month)
VARIABLE - \$9.34 per 1,000	38,769 (4150883 GALLONS USED/1000 * \$9.34)
<b>Revenue Generated</b>	<u>59,433</u>

*implemented 1/2018*

NOTE: This does not include any future capital expenditures, maintenance issues, new meters, service lines, pumps, etc. or emergencies that may arise. The system is at half life and the increased maintenance to run the system will increase. This is why your system is continuing to lose water (for 6/30/16 - around 20% of water produced was lost).



LAGRANGE, TENNESSEE

BEST PRACTICE - CASH

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Operating Expenditures (includes interest expense)	51,455	43,346	41,781	47,643	43,161	58,864	53,412
Total Cash & CD's	137,430	153,637	168,576	175,369	72,586	83,798	104,923
Difference	85,975	110,291	126,795	127,726	29,425	24,934	51,511

Note: Cash is above best practices to have 1x operating expenses.  
 Take grant money away, cash greatly decreases

LAGRANGE, TENNESSEE

DEBT SERVICE COVERAGE

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenue:							
Sales	\$ 37,428	\$ 39,452	\$ 40,398	\$ 37,715	\$ 41,949	\$ 38,683	\$ 41,047
Other	1,460	3,169	5,157	1,255	1,228	3,541	2,159
Interest	8,713	6,188	1,280	1,662	572	111	290
Total Revenue	<u>47,601</u>	<u>48,809</u>	<u>46,835</u>	<u>40,632</u>	<u>43,749</u>	<u>42,335</u>	<u>43,496</u>
Expenses							
Operating Expenses	51,455	43,346	41,781	47,643	43,161	58,864	53,412
Depreciation	(13,746)	(13,747)	(13,746)	(17,348)	(16,580)	(16,581)	(26,414)
Total Expenses	<u>37,709</u>	<u>29,599</u>	<u>28,035</u>	<u>30,295</u>	<u>26,581</u>	<u>42,283</u>	<u>26,998</u>
Subtotal	<u>37,709</u>	<u>29,599</u>	<u>28,035</u>	<u>30,295</u>	<u>26,581</u>	<u>42,283</u>	<u>26,998</u>
Net Revenue Available for Debt Service	<u>9,892</u>	<u>19,210</u>	<u>18,800</u>	<u>10,337</u>	<u>17,168</u>	<u>52</u>	<u>16,498</u>
Max Annual Debt Service	\$ 11,112	\$ 11,112	\$ 11,112	\$ 11,112	\$ -	\$ -	\$ -
Debt Service Coverage	0.89 X	1.73 X	1.69 X	0.93 X	N/A	N/A	N/A
Contributed Capital/Grants Not Included	\$ -	\$ -	\$ 27,660	\$ 64,731	\$ 45,813	\$ 354,113	\$ 348,644

NOTE: As of 2014, the water fund has no debt. Also, there were not any grants in 2010, 2011, 2014, 2015, 2016. *2017, 2018*

LAGRANGE, TENNESSEE

SUMMARY OF CURRENT RATES IN DOLLARS

	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	
Minimum	\$14.50 minimum 2,000 gallons included	\$14.50 minimum 2,000 gallons included	\$14.50 minimum 0 gallons included	\$14.50 minimum 0 gallons included	\$14.50 minimum 0 gallons included	\$14.50 minimum 0 gallons included	\$14.50 minimum 0 gallons included	\$16.00 minimum 0 gallons included	1/2018
Next 1,000 Gallons Thereafter	\$4.91 per 1,000	\$5.05 per 1,000	\$5.92 per 1,000	\$5.92 per 1,000	\$5.92 per 1,000	\$5.92 per 1,000	\$6.72 per 1,000	\$6.34 per 1,000	\$21.00 min
Water # of Customers	81	82	82	83	82	84	84	83	\$49.34 7/20/2018

Bureau of Labor Statistics

**CPI-All Urban Consumers (Current Series)  
12-Month Percent Change**

Series Id: CUUR0000SA0  
 Not Seasonally Adjusted  
 Series Title: All items in U.S. city average, all urban  
 Area: U.S. city average  
 Item: All items  
 Base Period: 1982-84=100  
 Years: 2007 to 2017

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	2.1	2.4	2.8	2.6	2.7	2.7	2.4	2.0	2.8	3.5	4.3	4.1
2008	4.3	4.0	4.0	3.9	4.2	5.0	5.6	5.4	4.9	3.7	1.1	0.1
2009	0.0	0.2	-0.4	-0.7	-1.3	-1.4	-2.1	-1.5	-1.3	-0.2	1.8	2.7
2010	2.6	2.1	2.3	2.2	2.0	1.1	1.2	1.1	1.1	1.2	1.1	1.5
2011	1.6	2.1	2.7	3.2	3.6	3.6	3.6	3.8	3.9	3.5	3.4	3.0
2012	2.9	2.9	2.7	2.3	1.7	1.7	1.4	1.7	2.0	2.2	1.8	1.7
2013	1.6	2.0	1.5	1.1	1.4	1.8	2.0	1.5	1.2	1.0	1.2	1.5
2014	1.6	1.1	1.5	2.0	2.1	2.1	2.0	1.7	1.7	1.7	1.3	0.8
2015	-0.1	0.0	-0.1	-0.2	0.0	0.1	0.2	0.2	0.0	0.2	0.5	0.7
2016	1.4	1.0	0.9	1.1	1.0	1.0	0.8	1.1	1.5	1.6	1.7	2.1
2017 <i>Ava 2.13%</i>	2.5	2.7	2.4	2.2	1.9							

*2018*

RESOLVED, effective for billings for water delivered in the month of \_\_\_\_\_, 201\_ and for the month of \_\_\_\_\_ of each year thereafter through 20 \_\_, the volumetric (per/1,000 gallons) rates of the District shall be increased by the sum of (a) \_\_\_\_ percent, plus (b) any positive 12-month percent change in the most recently reported consumer price index (All Urban Consumers (CPI-U) for the U.S. City Average for All Items, 1982-84=100), rounded up to the nearest whole percentage; and

RESOLVED FURTHER, that such rate increases shall be implemented without further action of the Board of Commissioners; and

RESOLVED FURTHER, that the amount of each annual increase shall be announced at a public meeting of the Board of Commissioners of the District, and proper notice thereof shall be provided as required by applicable law.



**TOWN OF LA GRANGE**  
**20 MAIN STREET**  
**P.O. BOX 621**  
**LA GRANGE, TENNESSEE 38046**  
**(901) 878-1246 (Tel.)**  
**(901) 878-1861 (Fax)**  
[townoflagrange@comcast.net](mailto:townoflagrange@comcast.net)

9/11/18

Mr. Steve Osborne  
Office of State and Local Finance  
Cordell Hull Building  
425 Fifth Ave. North  
Nashville, TN. 37243

Office of State and Local Finance/COT

SEP 14 2018

Time Received \_\_\_\_\_

Re: La Grange amended water budget for 2018/2019

Dear Mr. Osborne,

I am responding to the August 7, 2018 letter from Ms. Thompson regarding our Water Department deficit.

Attached please find our amended Water Department budget that reflects a small net positive position due to a CPI increase of 2.1% approved by the board of Aldermen in our June meeting effective July 1<sup>st</sup>. Rates will be adjusted automatically each year by the effective CPI rate at a minimum or more as needed.

We hope this meets with your approval.

Respectfully,

  
John Walker, Jr.  
Mayor

TOWN OF LAGRANGE, TENNESSEE  
WATER FUND  
REVISED BUDGET  
FOR THE YEAR ENDED JUNE 30, 2019

	Revised Budget 2018-2019
<b>Revenues:</b>	
Return Check Charges	75
Metered Water Sales	60,300
Non Refundable New Account Fees	75
Penalties	600
Connection Fees	1,000
New Service Misc Revenue	400
Insurance Recoveries	770
Interest Income	200
	200
 Total Revenues	 63,420
 <b>Expenses:</b>	
Bank Service Charges	12
Utility Services	3,074
Salary - Certified Water Operator	8,700
Salary - Water Dept Clerk	4,500
Payroll Taxes - Clerk	345
Payroll Taxes - Water Operator	666
Christmas Bonus	200
Dues / Memberships	1,500
Lab Test	1,000
Insurance - Property	7,064
Repairs and Maintenance	1,500
Office Supplies	250
Operations Expense	1,300
Depreciation	33,176
Other	15
	15
 Total Expenses	 63,302
 Net Income	 118

NOTE: The Water & Sewer Department does not have any debt.

# Luttrell





JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: City of Luttrell**

**Staff Summary:**

On March 29, 2018, the Board voted to order Luttrell to comply with the following:

- 1. The City shall bring in the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to assist with the following:**
  - a. Review of sewer fees and the actual cost associated with serving inside/outside the City and County corporate boundaries;**
  - b. Review of Tap fees and actual cost of installation;**
  - c. Creating/implementing a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs);**
- 2. The City shall provide an update to the Water and Wastewater Financing Board staff with the completed rate study and an implemented or proposed plan of action by August 31, 2018.**

The City has requested a cost of service study from MTAS, but it is still in progress. The City did create a capital asset budget and plan.

**Staff Recommendation:**

Order the City to do the following:

- 1. By December 31, 2018, the City shall provide an update to Board staff with the completed cost of service study and if needed, a proposed plan of action.**



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 16, 2018

The Honorable Johnny Merritt  
City of Luttrell  
101 Park Road  
P.O. Box 82  
Luttrell, TN 37779

Dear Mayor Merritt,

The City's financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

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

Sincerely,

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

John Greer  
Technical Secretary

Enclosure



BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD

IN THE MATTER OF:

T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
CITY OF LUTTRELL

ORDER

Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the City of Dyer (the "City"). Based on the deficiencies in the City's wastewater fund, the Board directs the City to comply with the following corrective action plan:

1. The City shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:
  - a. Review of sewer fees and the actual cost associated with serving inside/outside the City and County corporate boundaries;
  - b. Review of tap fees and actual cost of installation; and
  - c. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs).
2. The City shall provide an update to Board staff with the completed rate study, fee recommendations, five-year capital asset budget and an implemented or proposed plan of action by August 31, 2018.

Entered this 7<sup>th</sup> day of April 2018.

Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

**From:** [City of Luttrell](#)  
**To:** [Utilities](#)  
**Subject:** Re: RE: RE: Book Asset Details  
**Date:** Monday, September 10, 2018 1:53:37 PM  
**Attachments:** [current revenue proposal.xlsx](#)  
[Knox County Addresses with Sewer.docx](#)  
[image001.png](#)  
[image003.png](#)  
[image002.png](#)

---

Attached is the revenue proposal, I am also attaching the knox county addresses with sewer, as out of county was the different rate. I am also awaiting a call from Allen Major to help me further answer this for you.

Thank you  
Courtney Luttrell  
Luttrell City Recorder

On Monday, September 10, 2018, 12:13:18 PM EDT, Utilities <[Utilities@cot.tn.gov](mailto:Utilities@cot.tn.gov)> wrote:

Courtney,

Do you have a copy of the completed rate study from Al Major? I am specifically looking for the cost of service data that was used to determine the inside/outside rate.

Thanks!

John

John Greer

Tennessee Comptroller of the Treasury

Division of Administration

Fourth Floor Cordell Hull Building

425 Fifth Avenue North

Nashville, TN 37243-3400

Phone: (615) 747-5260

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**From:** City of Luttrell <[cityofluttrell@yahoo.com](mailto:cityofluttrell@yahoo.com)>

**Sent:** Tuesday, September 4, 2018 2:50 PM  
**To:** Utilities <Utilities@cot.tn.gov>; Alan E. Major <alan.major@tennessee.edu>  
**Subject:** Re: RE: Book Asset Details

I had sent an email that had a copy of the ordinance raising sewer rates that went into effect in January, also tap fees. There was a sheet sent that showed the amount we would receive with the increase thru the next 2.5 years, and the list of capital assets. The only thing we've added to those assets is a backhoe, and no further large purchases are planned for the next 5 years. I'm a little confused, is there more that I need to send? If so just let me know and I'll do my best to get with Alan Major from MTAS again, and get it to you asap.

Thank You

Courtney Luttrell

Luttrell City Recorder

On Tuesday, September 4, 2018, 3:39:17 PM EDT, Utilities <Utilities@cot.tn.gov> wrote:

Thank you for sending this. Do you have an update in regards to the order of the WWFB on 4/17/2018 (attached)?

Thanks!

John Greer  
Tennessee Comptroller of the Treasury  
Division of Administration  
Fourth Floor Cordell Hull Building  
425 Fifth Avenue North  
Nashville, TN 37243-3400  
Phone: (615) 747-5260

---

**From:** City of Luttrell <cityofluttrell@yahoo.com>  
**Sent:** Friday, August 31, 2018 10:57 AM  
**To:** Utilities <Utilities@cot.tn.gov>  
**Subject:** Fw: Book Asset Details

----- Forwarded Message -----

**From:** J.R. Cates <jrcates@mehcpa.com>  
**To:** cityofluttrell@yahoo.com <cityofluttrell@yahoo.com>  
**Sent:** Friday, August 31, 2018, 11:54:14 AM EDT  
**Subject:** Book Asset Details

Attached are the book asset details for the general and sewer funds for the year ended June 30, 2017. Let me know if you need anything else. Have a great weekend!!

Best regards.

J.R. Cates, CPA



Mitchell Emert & Hill, P.C.

Certified Public Accountants

416 Erin Drive

Knoxville, TN 37919

Phone: 865.522.2396 or 800.234.0695

Fax: 865.523.6318

[www.mehcpa.com](http://www.mehcpa.com)



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ORDINANCE NO. 89

AN ORDINANCE OF THE CITY OF LUTTRELL, TENNESSEE  
REPEALING ORDINANCE NUMBER 69  
AND ADOPTING A NEW SCHEDULE OF RATES FOR WASTEWATER SERVICES

**WHEREAS**, the City of Luttrell operates a utility system which provides wastewater services to the residents of the City and the service area outside the corporate limits of the City; and

**WHEREAS**, the City is required by state law, TCA 7-34-114, to set its rates at a level sufficient to fund its operations, debt service and depreciation on its facilities and equipment related to its utility operations; and

**WHEREAS**, to comply with its obligations the City, acting through its City Council, desires to establish rates for wastewater services. Effective date of new schedule of rates is as set forth in this Ordinance.

**NOW THEREFORE BE IT ORDAINED** by the City Council of the City of Luttrell, Tennessee:

**SECTION 1.** Ordinance Number 69 is hereby repealed in its entirety and a new schedule of rates are established as set forth below.

**SECTION 2.** Schedule of rates.

\*Well customers flat rate of \$30 the first year, with % increase each year according to LBC well customers.

Sewer Rates:

Rate Increase FY 2017-2018	35%	80%
	Inside and outside City	Outside County
1 <sup>st</sup> 1000 gallons	\$27.34	\$36.45
Per thousand gallons	\$7.09	\$9.45
Private Lift Stations Maintenance fee	\$25	\$50
New Installation	\$4000	\$4800

Rate Increase FY 2018-2019	15%	40%
	Inside and outside City	Outside County
1 <sup>st</sup> 1000 gallons	\$31.44	\$51.03
Per thousand gallons	\$8.15	\$13.23
Private Lift Stations Maintenance fee	\$25	\$50
New Installation	\$4000	\$4800

Rate Increase FY 2019-2020	15%	40%
	Inside and outside City	Outside County
1st thousand gallons	\$36.16	\$71.44
Per thousand gallons	\$9.37	\$18.52
Private Lift Stations Maintenance fee	\$25	\$50
New Installation	\$4000	\$4800

Rate Increase FY 2020 & beyond	2%	4%
Private Lift Stations Maintenance fee	\$25	\$50
New Installation	2%	4%



**SECTION 3.** All previous ordinances of the City of Luttrell regarding rates for wastewater services are modified to comply with the terms and provisions of this ordinance.

**SECTION 4.** This ordinance and the rates provided herein shall take effect on January, 2018.

PASSED ON 1<sup>ST</sup> READING: \_\_\_\_\_

PASSED ON 2<sup>ND</sup> READING: \_\_\_\_\_

\_\_\_\_\_  
Johnny Merritt, Mayor

ATTEST:

\_\_\_\_\_  
City Recorder

# Maury City



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 16, 2018

The Honorable James Rayce Castellaw  
Town of Maury City  
P.O. Box 245  
Maury City, TN 38050

Dear Mayor Castellaw,

The Town's financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "John Greer", written over a large, stylized blue scribble.

John Greer  
Technical Secretary

Enclosure  
cc: (w/o encl.) Ms. Melinda East



---

**BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD**

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**IN THE MATTER OF:**

**T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
TOWN OF MAURY CITY**

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**ORDER**

---

Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the Town of Maury City (the "Town"). Based on the deficiencies in the Town's water and wastewater fund, the Board directs the Town to comply with the following corrective action plan:

1. The Town shall implement an automatic rate increase annually on July 1<sup>st</sup> of a minimum of the Consumer Price Index (example resolution attached).
2. The Town shall provide a financial update to Board staff on or before March 1<sup>st</sup> and September 1<sup>st</sup> annually beginning September 1, 2018, until released from Board oversight.

Entered this 17<sup>th</sup> day of April 2018.

Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

ORDINANCE NUMBER 18.04.30

**AN ORDINANCE TO ADOPT AN ANNUAL AUTOMATIC RATE INCREASE OF WATER AND SEWER RATES FOR THE TOWN OF MAURY CITY.**

WHEREAS, the Board of Mayor and Aldermen to comply with an order from the Water and Wastewater Financing Board dated April 17, 2018,

WHEREAS, to have a financially viable utility,

WHEREAS, to maintain a rate schedule that is fair and appropriate for the citizens of Maury City;

**BE IT ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE TOWN OF MAURY CITY TENNESSEE, THAT:**

Section 1. The water and sewer rates will automatically increase 3% every year effective July 1.

Section 2. If the Consumer Price Index (*All Urban Consumers (CPI-U) for the U.S. City Average all Items, rounded up to the nearest whole percentage*) for the most recently reported 12 month period is greater than 3%, than the rate increase will be the CPI percentage not 3% .


Section 3. That such rate increases shall be implemented without further action of the Board of Mayor and Aldermen.

Section 4. The amount of each annual increase shall be announced at a public meeting of the Board of Mayor and Aldermen with proper notice provided as required by applicable law.

Section 5. The above rate change shall go into effect July 1, 2018.

Section 6. This ordinance shall take effect upon final reading, adoption and being signed by the Mayor and attested by the City Recorder.

Reading: April 30, 2018

  
Mayor

Melinda East  
City Recorder

Maury City--Rate Increase of 3% effective July, 1, 2018

Revised April 26, 2018

	Inside City Limits	Outside City Limits
Water Rates		
Monthly base no volumes	\$16.48	\$16.48
Per 100 Gallons	\$ 0.52	\$ 0.52
Sewer Rates		
Monthly base no volumes	\$ 16.48	
Per 100 Gallons	\$ 0.52	

# McLemoresville



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: City of McMoresville**

**Staff Summary:**

On March 29, 2018, the Board voted to order McMoresville to comply with the following:

1. **The City shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:**
  - a. **Review of tap fees and the actual cost of installation;**
  - b. **Creating/implementing a 5-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs);**
  - c. **A review of the Leak Adjustment Policy;**
  - d. **Creation of a Capitalization Policy;**
2. **The City shall provide an update to Board staff with the completed rate study and an implemented or proposed plan of action by August 31, 2018.**

The City received a rate study from TAUD. On October 29, 2018, the City removed the free gallons in the minimum bill (3,500 to 0).

The City is not under the oversight of the Board due to a revised 2016 audit submitted in August. The City has been proactive and plans to raise rates annually to stay ahead of inflation.

**Staff Recommendation:**

**Direct staff to send a letter thanking the City for their proactive approach.**





JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 16, 2018

The Honorable Phillip R. Williams  
Town of McMoresville  
P.O. Box 38  
McMoresville, TN 38235

Dear Mayor Williams,

The Town's financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

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

Sincerely,

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

John Greer  
Technical Secretary

Enclosure  
cc: (w/o encl.) Barbara Younger



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BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD

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IN THE MATTER OF:

T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
CITY OF MCLEMORESVILLE

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ORDER

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Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the City of McMoresville (the "City"). Based on the deficiencies in the City's water fund, the Board directs the City to comply with the following corrective action plan:

1. The City shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:
  - a. Review of tap fees and the actual cost of installation;
  - b. Creation of a capitalization policy;
  - c. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs); and
  - d. A review of the leak adjustment policy.
2. The City shall provide an update to Board staff with the completed rate study, policy recommendations, five-year capital asset budget and an implemented or proposed plan of action by August 31, 2018.

Entered this 17<sup>th</sup> day of April, 2018.

---

Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

# City of McMoresville

Post Office Box 38 • 5600 Main Street  
McMoresville, TN 38235  
731-986-9440

Phillip R. Williams, Mayor

Barbara Younger, City Recorder

October 30, 2018

Water & Wastewater Financing Board  
ATTN: John Greer  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

Dear Mr. Greer

We have looked at our water rate structure in the Town of McMoresville. Our previous rate consisted of a minimum rate of \$25.40 which included 3500 gallons of water. Each additional thousand gallons of water was billed at the rate of \$2.00. After studying our usage and the amount needed, we have determined that the current minimum rate of \$25.40 will be sufficient if no water usage is included with the minimum charge. All water will be billed at a rate of \$2.00 per thousand gallons. This should generate approximately \$16,922 per year in revenue if sales remain consistent. We plan to look at the rate structure annually and make any needed adjustments.

Please let us know if this new rate structure will be satisfactory to the Water & Wastewater Financing Board. If you have any questions, feel free to contact us.

Sincerely,



Philip R. Williams

Mayor, Town of McMoresville

August 29, 2018

## **MCLEMORESVILLE, TENNESSEE**

### **Issues**

You are operating at a net loss for the year ended 6/30/17. If there are two consecutive years of net operating losses on the audited financial statements, you will be referred to the State of Tennessee Water & Wastewater Finance Board (WWFB). Rates will need to be adjusted in order to be in compliance. See page 8 for additional information.

According to available audits, rates have not increased as far back as 2012. Rates need to be raised every year to stay ahead of inflation, capital expenditures and routine maintenance.

Cash should be at least 1x operating expenses for one year for best practices. This provides for emergency expenditures and unplanned expenditures. There is sufficient cash for best practices. As of 6/30/18, operating expenditures were \$52,390 and unrestricted cash was \$100,114. Cash was above best practices by \$47,724. Please see page 3 for additional information.

You indicated no plans for capital assets /improvements at this time? There are assets on your depreciation schedule coming to the end of their life. What plans do you have to replace these? See page 10 for additional information.

The water fund does not have any debt. This may not always be the case as the need for capital improvements and unexpected expenditures occur.

### **Solution**

Rates need to be reviewed every year to provide for future projects, new debt, depreciation and just simple cost of inflation.

We always recommend lowering the minimum usage over time. This has been discussed at the State level to not include free water in the minimum bill, so you would be ahead of the game. This would create a conservation of resources and basic wear and tear on the system.

We recommend increasing your rates across the board by \$2.00 and including 0 gallons. This will increase your revenue by approximately \$16,922 per year. This may seem like an extreme increase, but keep in mind that rates have not been raised since 2011. Also, you have very few customers - so a large increase is inevitable. By raising rates, you will be in compliance with the WWFB. Please see pages 5-7 for additional details.

It is also suggested to increase rates based on the attached Consumer Price Index (CPI) schedules. Attached is a sample of a resolution that can be used to raise rates based on CPI schedules. As expenses automatically increase over time as reflected in an inflation rate or CPI. It is easier to have a small increases every year rather than a large increase in rates all at once.

There also needs to be contingencies for staff replacement issues. Is there a succession plan and an organization chart? Procedures and budgets for hiring, firing and retiring. If someone is retiring, how long would it take to train the new employee before the other employee leaves? This creates temporary double salaries, cost of licensing, benefits, training, etc. There could be a minimum of 6 months dual salary and benefit costs. When was the last pay raise or labor contract adjustment?

Tennessee law has passed a law that will not allow capital contributions in determining net income. Please be aware that capital contributions and grants provided needed cash for new projects and developments. This may not always be the case in the future and plans need to be made to fund future activities. Please refer to TCA Code 7-82-401.

Tennessee law also states that members of Municipal boards shall attend a minimum of 12 hours of training and continuing education within the first year of initial election or re-election and 12 hours every three years after that. Records must be kept and there are stiff penalties for not doing this. Please refer to TCA Code 7-34-115.

Please let us know of questions and thoughts including the consumer price index information.

Thank you,

Mark L. Butler

Melanie Sain

**MCLEMORESVILLE, TENNESSEE**

**BEST PRACTICE - CASH**

	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>UNAUDITED 6/18/2018</u>
Operating Expenditures	\$ 46,646	\$ 53,719	\$ 53,760	\$ 50,734	\$ 67,596	\$ 52,390
Total Cash & Investments	50,650	64,525	75,729	88,461	82,225	100,114
Difference	4,004	10,806	21,969	37,727	14,629	47,724
Cash - Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Cash for debt service reserve fund (DSRF)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actually DSRF needed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Cash Over (Under)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NOTE: Best practices encourage cash to be at least 1x operating expenses. Cash has been above this level since 2013 and possible before that.

NOTE: The water system does not have any debt.

NOTE: Restricted cash should be used for debt service, new projects, and anything else the Board wants to restrict funds for. This designates funds and creates a separate line item on the financial statements.

For example, if you had debt, restricted cash of 1.2 coverage is required by bond covenants for debt service.

**MCLEMORESVILLE, TENNESSEE**

**DEBT SERVICE COVERAGE**

	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	UNAUDITED <u>6/30/2018</u>
Revenue:						
Sales	\$ 51,429	\$ 52,147	\$ 52,498	\$ 53,092	\$ 50,595	\$ 58,564
Other Revenue	2,800	2,692	80	-	40	420
Interest Income	53	98	113	131	132	142
Capital Contributions/Grants	-	-	-	-	-	-
<b>Total Revenue</b>	<b>54,282</b>	<b>54,937</b>	<b>52,691</b>	<b>53,223</b>	<b>50,767</b>	<b>59,126</b>
Expenses						
Operating Expenses	46,646	53,719	53,760	50,734	67,596	52,390
Other Expenses	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Depreciation	(12,857)	(12,809)	(11,434)	(10,084)	(10,084)	(10,084)
<b>Total Expenses</b>	<b>33,789</b>	<b>40,910</b>	<b>42,326</b>	<b>40,650</b>	<b>57,512</b>	<b>42,306</b>
<b>Net Revenue</b>	<b>20,493</b>	<b>14,027</b>	<b>10,365</b>	<b>12,573</b>	<b>(6,745)</b>	<b>16,820</b>
CAPITAL CONT/GRANTS NOT INCLUDED	-	-	-	-	-	-
<b>Net Revenue Available for Debt Service</b>	<b>20,493</b>	<b>14,027</b>	<b>10,365</b>	<b>12,573</b>	<b>(6,745)</b>	<b>16,820</b>
Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Coverage	N/A	N/A	N/A	N/A	N/A	N/A

NOTE: The water system does not have any debt.

**MCLEMORESVILLE, TENNESSEE**

**SUMMARY OF CURRENT RATES**

<b>WATER RATES</b>	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>
<b>Minimum Bill - First 3,500 Gallons</b>						
3/4" Meter residential & business	\$27.88	\$27.88	\$27.88	\$27.88	\$27.88	\$27.88
3/4" Meter - tax exempt	\$25.40	\$25.40	\$25.40	\$25.40	\$25.40	\$25.40
1" Meter	\$30.40	\$30.40	\$30.40	\$30.40	\$30.40	\$30.40
2" Meter	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00
Over 3,501 gallons	\$2.00 / 1,000 gallons	\$2.00 / 1,000 gallons	\$2.00 / 1,000 gallons	\$2.00 / 1,000 gallons	\$2.00 / 1,000 gallons	\$2.00 / 1,000 gallons
<b>Water # of Taps</b>	<b>150</b>	<b>158</b>	<b>152</b>	<b>147</b>	<b>145</b>	<b>151</b>

NOTE: The rates are the same for residential, commercial & industrial.

NOTE: The current rates and structure were put into effect in 2011 as recommended from a rate study by MTAS.

<b><u>REVENUE THAT SHOULD BE GENERATED UNDER CURRENT RATES</u></b>		
	<u># of Gallons</u>	<u>Amount</u>
3/4" Meter residential & business (140 customers x \$27.88 x 12 months)		46,838.40
3/4" Meter - tax exempt (5 customers x \$25.40 x 12 months)		1,524.00
1" Meter (2 customers x \$30.40 x 12 months)		729.60
2" Meter (4 customers x \$50.00 x 12 months)		2,400.00
Over 3,501 gallons (2,978,930/1000) x \$2.00	2,978,930	5,957.86
<b>TOTAL</b>	<b>2,978,930</b>	<b>57,449.86</b>

<b><u>IF 0 GALLONS WERE INCLUDED IN MINIMUM BILL</u></b>		
	<u># of Gallons</u>	<u>Amount</u>
Variable bill (3,669,902/1000 x \$2.00)	3,669,902	7,339.80
<b>TOTAL</b>	<b>3,669,902</b>	<b>7,339.80</b>

additional revenue generated



**IF RATES WERE INCREASED BY \$1.00**

3/4" Meter residential & business (140 customers x \$1.00 x 12 months)		1,680.00	
3/4" Meter - tax exempt (5 customers x \$1.00 x 12 months)		60.00	
1" Meter (2 customers x \$1.00 x 12 months)		24.00	
2" Meter (4 customers x \$1.00 x 12 months)		48.00	
Over 3,501 gallons (2,978,930/1000) x \$1.00	2,978,930	2,978.93	
TOTAL	2,978,930	4,790.93	additional revenue generated

**IF RATES WERE INCREASED BY \$2.00**

3/4" Meter residential & business (140 customers x \$2.00 x 12 months)		3,360.00	
3/4" Meter - tax exempt (5 customers x \$2.00 x 12 months)		120.00	
1" Meter (2 customers x \$2.00 x 12 months)		48.00	
2" Meter (4 customers x \$2.00 x 12 months)		96.00	
Over 3,501 gallons (2,978,930/1000) x \$2.00	2,978,930	5,957.86	
TOTAL	2,978,930	9,581.86	additional revenue generated

**MCLEMORESVILLE, TENNESSEE**

**From Consumption Analysis Reports**

	<u>0-500</u>	<u>501-1001</u>	<u>1002-1502</u>	<u>1503-2003</u>	<u>2004-3501</u>	<u>Over 3,501</u>	
\$27.88	31,722	99,080	226,170	234,040	3,078,890	2,978,930	6,648,832

**MCLEMORESVILLE, TENNESSEE**

A Water System that is "financially distressed" shall be subject to the supervision and evaluation of the Water & Wastewater Finance Board (WWFB). A "financially distressed water system" is a system or systems, that, as shown by the audited annual financial reports, has either a deficit in total net position, is in default on an indebtedness, or has a negative change in net position for two (2) consecutive years without regard to any grants or capital contributions. For purposes of this section, a "change in net position" means total revenues less all grants, capital contributions, and expenses. See TN Annotated Code 7-34-115 for more information.

	<u>6/30/2016</u>	<u>6/30/2017</u>
Total Revenues	53,223	50,767
Less Total Expenses	(50,734)	(67,596)
Less All Grants & Capital Contributions	-	-
Change in Net Position	<u>2,489</u>	<u>(16,829)</u>
Net Position	<u>432,656</u>	<u>415,827</u>

NOTE: For WWFB purposes - the System is NOT in financial distress.

**MCLEMORESVILLE, TENNESSEE**

<u>Water Loss Schedule</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
Water Supplied (in mg/yr)	7.422	9.857	9.394
Authorized Consumption (in mg/yr)	7.049	6.916	7.739
	<hr/>		
Water Losses (in mg/yr)	0.373	2.941	1.655
Percentage of Loss	5.0%	29.8%	17.6%
	<hr/> <hr/>		

Water Audit Validity Score (out of 100)	73	70	83
Non-Revenue Water as % of Cost of Operating System	3.3%	6.1%	3.6%
Non-Revenue Water as a % by Volume of Water Supplied	6.3%	31.1%	18.9%
Water Losses as a % of Authorized Consumption	5.29%	42.52%	21.39%
	(.373 / 7.049)	(2.941 / 6.916)	(1.655 / 7.739)

**Utilities will be referred to the Waste Water Finance Board based on:**

- A. Incomplete AWWA water audit submitted anytime on or after January 1, 2013;
- B. For audits received by the Comptroller of the Treasury from 1/1/2015 to 12/31/2016 - Validity score of 70 or less or non-revenue water as a percent by cost of operating system of 25% or greater;
- C. For audits received by the Comptroller of the Treasury from 1/1/2017 to 12/31/2018 - Validity score of 75 or less or non-revenue water as a percent by cost of operating system of 20% or greater;
- D. For audits received by the Comptroller of the Treasury from 1/1/2019 to 12/31/2020 - Validity score of 80 or less or non-revenue water as a percent by cost of operating system of 20% or greater.

**MCLEMORESVILLE, TENNESSEE**

Capital Planning

Depreciation on Prior Assets \$ 10,084

NOTE: You indicated that there were not any plans for new capital assets/improvements except for the scheduled tank inspections and wash out.

**There are several items on your deprecation schedule that are nearing the end of their life:  
Do you have plans for replacement?**

	<u>Original Cost</u>	
Utility Plant & Improvements	135,095	(fully depreciated from 1965)
Water Lines	<u>155,937</u>	(these assets have around 1/2 life left)
	<u><u>291,032</u></u>	

**MCLEMORESVILLE, TENNESSEE**

**LEAK ADJUSTMENTS FOR 3 YEARS**

Leak Adjustments

7/2015 - 6/2018

434.40

**CPI-All Urban Consumers (Current Series)  
12-Month Percent Change**

**Series Id:** CUUR0000SA0

**Not Seasonally Adjusted**

**Series Title:** All items in U.S. city average, all urban consumers, not

**Area:** U.S. city average

**Item:** All items

**Base Period:** 1982-84=100

**Years:** 2008 to 2018

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	4.3	4.0	4.0	3.9	4.2	5.0	5.6	5.4	4.9	3.7	1.1	0.1
2009	0.0	0.2	-0.4	-0.7	-1.3	-1.4	-2.1	-1.5	-1.3	-0.2	1.8	2.7
2010	2.6	2.1	2.3	2.2	2.0	1.1	1.2	1.1	1.1	1.2	1.1	1.5
2011	1.6	2.1	2.7	3.2	3.6	3.6	3.6	3.8	3.9	3.5	3.4	3.0
2012	2.9	2.9	2.7	2.3	1.7	1.7	1.4	1.7	2.0	2.2	1.8	1.7
2013	1.6	2.0	1.5	1.1	1.4	1.8	2.0	1.5	1.2	1.0	1.2	1.5
2014	1.6	1.1	1.5	2.0	2.1	2.1	2.0	1.7	1.7	1.7	1.3	0.8
2015	-0.1	0.0	-0.1	-0.2	0.0	0.1	0.2	0.2	0.0	0.2	0.5	0.7
2016	1.4	1.0	0.9	1.1	1.0	1.0	0.8	1.1	1.5	1.6	1.7	2.1
2017	2.5	2.7	2.4	2.2	1.9	1.6	1.7	1.9	2.2	2.0	2.2	2.1
2018	2.1	2.2	2.4	2.5	2.8	2.9						

Source: Bureau of Labor Statistics

RESOLVED, effective for billings for water delivered in the month of \_\_\_\_\_, 201\_ and for the month of \_\_\_\_\_ of each year thereafter through 20\_\_, the volumetric (per/1,000 gallons) rates of the District shall be increased by the sum of (a) \_\_\_\_\_ percent, plus (b) any positive 12-month percent change in the most recently reported consumer price index (All Urban Consumers (CPI-U) for the U.S. City Average for All Items, 1982-84=100), rounded up to the nearest whole percentage; and

RESOLVED FURTHER, that such rate increases shall be implemented without further action of the Board of Commissioners; and

RESOLVED FURTHER, that the amount of each annual increase shall be announced at a public meeting of the Board of Commissioners of the District, and proper notice thereof shall be provided as required by applicable law.



# **Metro Moore/ Lynchburg**



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: Metro Moore Water and Sewer**

**Staff Summary:**

On March 29, 2018, the Board voted to order Metro Moore comply with the following:

- 1. Metro Moore shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts, County Technical Advisory Service or another qualified expert to perform a rate study and provide assistance with the following:**
  - a. Review of sewer fees and the actual cost of treatment (including new plant cost);**
  - b. Review of the Leak Adjustment Policy;**
  - c. Determination of the need for a long-term water purchase contract with Tullahoma;**
  - d. Creation or review of the existing plan to reduce water loss;**
  - e. Creation or review of a plan to reduce infiltration and inflow; and**
  - f. Update of the existing five-year capital asset plan with projected costs to be included.**
- 2. Metro Moore shall provide an update to Board staff with the completed rate study, policy recommendations, a plan to reduce water loss, infiltration and inflow and an implemented or proposed plan of action by August 31, 2018.**

Metro Moore received a rate study from TAUD but failed to implement the recommendations. Metro Moore did comply with all other paragraphs of the order.

All utility board members were replaced on September 17, 2018.

**Staff Recommendation:**

Order Metro Moore to do the following:

- 1. Metro Moore shall have the Municipal Technical Advisory Service, the Tennessee Association of Utility Districts, the County Technical Advisory Service or another qualified expert to aid with the following:**
  - a. creation of a water and sewer rate structure to include:**
    - i. commercial, industrial and residential classes,**
    - ii. minimum monthly charges to recover fixed costs that are associated and vary with each class of user,**
    - iii. variable rates based on the cost of treating and distributing water and treating wastewater (separate accounting for water and sewer)**
      - 1. Distinctions should be made for customers that have the largest impact on the water and wastewater treatment process**
    - iv. creation of a meter policy**
    - v. meter inventory of the largest users (including type, size, and brand)**





JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 16, 2018

Mr. Rick Garland, Manager  
Metro Moore County-Lynchburg Water and Sewer Department  
P.O. Box 503  
Lynchburg, TN 37352

Dear Mr. Garland,

The Metro Moore County-Lynchburg Water and Sewer Department's financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "John Greer", enclosed in a blue triangular shape.

John Greer  
Technical Secretary

Enclosure

cc: (w/o encl.) Brooke Fanning, Office Manager



BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD

IN THE MATTER OF:

T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
METRO MOORE WATER AND SEWER

ORDER

Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the Metro Moore Water and Sewer ("Metro Moore") Department. Based on the deficiencies in Metro Moore's water and sewer fund, the Board directs Metro Moore to comply with the following corrective action plan:

1. Metro Moore shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts, County Technical Advisory Service or another qualified expert to perform a rate study and provide assistance with the following:
  - a. Review of sewer fees and the actual cost of treatment (including new plant cost);
  - b. Review of the Leak Adjustment Policy;
  - c. Determination of the need for a long-term water purchase contract with Tullahoma;
  - d. Creation or review of the existing plan to reduce water loss;
  - e. Creation or review of a plan to reduce infiltration and inflow; and
  - f. Update of the existing five-year capital asset plan with projected costs to be included.
2. Metro Moore shall provide an update to Board staff with the completed rate study, policy recommendations, a plan to reduce water loss, infiltration and inflow and an implemented or proposed plan of action by August 31, 2018.

Entered this 17<sup>th</sup> day of April 2018.

  
Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

**METRO MOORE LYNCHBURG  
WATER AND SEWER**

**T.C.A. 68-221-1010-  
FINANCIAL DISTRESS**



**BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD**

**IN THE MATTER OF:**

**T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
METRO MOORE WATER AND SEWER**

**ORDER**

Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the Metro Moore Water and Sewer ("Metro Moore") Department. Based on the deficiencies in Metro Moore's water and sewer fund, the Board directs Metro Moore to comply with the following corrective action plan:

- ✓ 1. Metro Moore shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts, County Technical Advisory Service or another qualified expert to perform a rate study and provide assistance with the following:
  - a. Review of sewer fees, and the actual cost of treatment, (including new plant cost);
  - b. Review of the Leak Adjustment Policy;
  - c. Determination of the need for a long-term water purchase contract with Tullahoma;
  - ✓ d. Creation or review of the existing plan to reduce water loss;
  - e. Creation or review of a plan to reduce infiltration and inflow; and
  - ✓ f. Update of the existing five-year capital asset plan with projected costs to be included.
2. Metro Moore shall provide an update to Board staff with the completed rate study, policy recommendations, a plan to reduce water loss, infiltration and inflow and an implemented or proposed plan of action by August 31, 2018.

Entered this 17<sup>th</sup> day of April 2018.

  
Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

a) Review of Sewer fees, and actual cost of treatment, (including new plant cost)



May 24, 2018

**METROPOLITAN LYNCHBURG - MOORE COUNTY WATER & SEWER DEPARTMENT**  
**SUMMARY OF RATE ANALYSIS**

**ISSUES**

You are operating at a net loss for the last two years and have been referred to the State of Tennessee Waste Water Finance Board (WWFB). Rates will need to be adjusted so you will be in compliance. See page 10 for additional information.

Rates have remained the same from 2012 - 2017. There is a proposed gradual increase of .50 for minimal and volumetric. This is not enough to stay ahead of inflation, new capital expenditures and routine maintenance. Customers increased by 4% for water and 1% for sewer since 2013. Additional revenue from new customers is projected to be minimal.

Cash should be at least 1x operating expenses for one year for best practices. This provides for emergency expenditures and unplanned expenditures. There is not sufficient cash for best practices. As of 6/30/17, cash was \$716,599 and expenses were \$2,051,452. Cash was below recommended best practices by \$1,334,857. Also, there is not cash set aside for restricted activities and debt service as required. Please see page 3 for additional information.

While the debt ratio has been over the recommended ratio of 1.2 from 2013 - 2016, in 2017, this dropped to .22, which is significantly under the required ratio. This was due to the Series 2014 debt service inclusion. An increase in expenses will lower this ratio even more. Also, there may be additional borrowing needs that arise. Maintaining a ratio of 1.2 is a part of your bond covenants. See page 4 -5 for additional information.

**SOLUTIONS**

Rates need to be reviewed every year to provide for future projects, new debt, depreciation and inflation. Many of the lines, pumps and equipment may be coming to the end of their life. What plans do you have to replace these? You indicated upcoming projects that will cost approximately 683,400. How will this be paid for? Depreciation expense is estimated at 29,480 per year for the estimated useful life of 5 -40 years. See page 9 for additional information.

We always recommend lowering the minimum usage over time. This has been discussed at the State level to not include free water in the minimum bill, so you would be ahead of the game. This would create a conservation of resources (wear and tear on the system). It can be beneficial to move from volumetric budgeting to fixed budgeting due to the amount of fixed expenses regardless of water sold.

The new proposed rates should help raise revenue. While these new rates will be beneficial, we still recommend lowering the usage in your minimum bill to include 0 gallons. By eliminated free water in your minimum bill, new projects and equipment can be purchased and cash will gradually increase to recommended levels. We also recommend increasing rates another \$1.00 for minimum and volumetric and raising sewer rates to equal water rates. The following proposed rate increases are summarized below. See page 6-7 for calculations related to these estimates

<u>Water</u>		<u>Sewer</u>	
Minimum (includes 0 gallons)	<b>\$24.63</b>	Minimum (includes 0 gallons)	<b>\$24.63</b>
Volumetric (per 1,000 gallons)	<b>\$9.65</b>	Volumetric (per 1,000 gallons)	<b>\$9.65</b>

It is also suggested to increase rates based on the attached Consumer Price Index (CPI) schedules. Attached is a sample of a resolution that can be used to raise rates based on CPI schedules. As expenses automatically increase over time as reflected in an inflation rate or CPI. It is easier to have a small increases every year rather than a large increase in rates all at once. CPI increases should be automatic every year to maintain operations. Additional rate increases will be needed for new equipment or projects as well depreciation and maintenance.

There also needs to be contingencies for staff replacement issues. Is there a succession plan and an organization chart? Procedures and budgets for hiring, firing and retiring. If someone is retiring, how long would it take to train the new employee before the other employee leaves? This creates temporary double salaries, cost of licensing, benefits, training, etc. There could be a minimum of 6 months dual salary and benefit costs.

Tennessee law has passed a law that will not allow capital contributions in determining net income related to referral to the WWFB. Please be aware that capital contributions and grants provided needed cash for new projects and developments. This may not always be the case in the future and plans need to be made to fund future activities.

Please review the worksheet on page 7 that summaries water loss. There are guidelnes that should be followed so you are not referred to the Waste Water Finance Board (WWFB). You are within the guidelines now, but that may not always be the case as required validity score increases every year.

Tennessee law also states that members of Municipal boards shall attend a minimum of 12 hours of training and continuing education within the first year of initial election or re-election and 12 hours every three years after that. Records must be kept and there are stiff penalties for not doing this. Please refer to TCA Code 7-34-115.

Our calculations are based on information from your annual audits and information that you give to us. If available, we use the most updated financial statements. Please be aware that this rate analysis is based on a snapshot in time and could vary if new information becomes available. This could alter our results. We did not receive the most current financial statements.

Please call us with any questions. We look forward to discussing this analysis with you.

Thank you,

Mark L. Butler  
Melanie Sain

**METROPOLITAN LYNCHBURG - MOORE COUNTY WATER & SEWER DEPARTMENT**

**BEST PRACTICE - CASH**

<b><u>TOTAL WATER &amp; SEWER</u></b>	<b><u>6/30/2013</u></b>	<b><u>6/30/2014</u></b>	<b><u>6/30/2015</u></b>	<b><u>6/30/2016</u></b>	<b><u>6/30/2017</u></b>
Operating Expenditures	\$ 1,567,803	\$ 1,581,758	\$ 1,600,835	\$ 1,665,524	\$ 2,051,452
Total Cash & CD's	612,260	586,476	558,515	671,435	716,599
Difference	(955,543)	(995,282)	(1,042,320)	(994,089)	(1,334,853)

NOTE" Total Cash & CD's (for determining best practices) does NOT include cash that is restricted. Restricted funds are designated for a specific purpose and should not be used for operating expenditures. The Department does not have any restricted cash.

NOTE: Cash is below best practices to have 1x operating expenses. Cash has been below best practices since 2013.

**METROPOLITAN LYNCHBURG - MOORE COUNTY WATER & SEWER DEPARTMENT**

**DEBT SERVICE COVERAGE**

<b><u>TOTAL WATER &amp; SEWER</u></b>	<b><u>6/30/2013</u></b>	<b><u>6/30/2014</u></b>	<b><u>6/30/2015</u></b>	<b><u>6/30/2016</u></b>	<b><u>6/30/2017</u></b>
Revenue:					
Sales	\$ 1,836,196	\$ 1,717,158	\$ 1,678,263	\$ 1,733,526	\$ 1,757,519
Other	126,691	132,134	91,075	79,525	79,928
Interest	3,244	3,089	2,415	1,476	1,007
Contributed Capital/Grants	139,842	54,567	26,868	110,479	903,579
<b>Total Revenue</b>	<b>2,105,973</b>	<b>1,906,948</b>	<b>1,798,621</b>	<b>1,925,006</b>	<b>2,742,033</b>
Expenses					
Operating Expenses	1,567,803	1,581,758	1,600,835	1,665,524	2,051,452
Interest Expense	203,644	192,411	187,390	181,636	187,562
Depreciation	(452,753)	(459,837)	(494,440)	(499,989)	(492,585)
<b>Total Expenses</b>	<b>1,318,694</b>	<b>1,314,332</b>	<b>1,293,785</b>	<b>1,347,171</b>	<b>1,746,429</b>
<b>Net Revenue</b>	<b>787,279</b>	<b>592,616</b>	<b>504,836</b>	<b>577,835</b>	<b>995,604</b>
<b>Contributed Capital/Grants NOT INCLUDED</b>	<b>(139,842)</b>	<b>(54,567)</b>	<b>(26,868)</b>	<b>(110,479)</b>	<b>(903,579)</b>
<b>Net Revenue Available for Debt Service</b>	<b>647,437</b>	<b>538,049</b>	<b>477,968</b>	<b>467,356</b>	<b>92,025</b>
<b>Annual Debt Service</b>	<b>\$ 301,044</b>	<b>\$ 301,044</b>	<b>\$ 301,045</b>	<b>\$ 345,108</b>	<b>\$ 421,524</b>
<b>Debt Service Ratio</b>	<b>2.15 X</b>	<b>1.79 X</b>	<b>1.59 X</b>	<b>1.35 X</b>	<b>0.22 X</b>

NOTE: The District is above the required ratio of 1.2 for debt service for 2013, 2014, 2015, & 2016. They are below for 2017.

**FOR 2017 -**

	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
Revenue:	87%	13%	
Sales	1,536,479	221,040	1,757,519
Other	69,537	10,391	79,928
Interest	876	131	1,007
Contributed Capital/Grants	-	903,579	903,579
<b>Total Revenue</b>	<b>1,606,893</b>	<b>1,135,141</b>	<b>2,742,033</b>
Expenses			
Operating Expenses	987,523	217,775	1,205,298
G & A	305,561	45,659	351,220
Utility Maintenance	223,540	33,403	256,943
Retirement of Fixed Assets	207,052	30,939	237,991
Interest Expense	134,057	53,505	187,562
Depreciation	(424,183)	(68,402)	(492,585)
<b>Total Expenses</b>	<b>1,433,551</b>	<b>312,878</b>	<b>1,746,429</b>
<b>Net Revenue</b>	<b>173,342</b>	<b>822,263</b>	<b>995,604</b>
<b>Contributed Capital/Grants NOT INCLUDED</b>	<b>-</b>	<b>(903,579)</b>	<b>(903,579)</b>
<b>Net Revenue Available for Debt Service</b>	<b>173,342</b>	<b>(81,316)</b>	<b>92,025</b>
<b>Annual Debt Service</b>	<b>221,064</b>	<b>200,460</b>	<b>421,524</b>
<b>Debt Service Ratio</b>	<b>0.78</b>	<b>(0.41)</b>	<b>0.22</b>

NOTE: Debt service is below 1.2 required ratio for both Water & Sewer

**METROPOLITAN LYNCHBURG - MOORE COUNTY WATER & SEWER DEPARTMENT**

**SUMMARY OF CURRENT RATES**

<b>WATER</b>	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>Proposed Rates</u>
First 2,000 gallons	\$23.13	\$23.13	\$23.13	\$23.13	\$23.13	\$23.63
All over 2,000 gallons	\$8.15 / 1,000 gallons	\$8.15 / 1,000 gallons	\$8.15 / 1,000 gallons	\$8.15 / 1,000 gallons	\$8.15 / 1,000 gallons	\$8.65 / 1,000 gallons
<b>Water # of Customers</b>	<u>2329</u>	<u>2326</u>	<u>2357</u>	<u>2382</u>	<u>2403</u>	<u>2444</u>
						115
						4.71%
						Increase in customers since 2013

<b>SEWER</b>	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>Proposed Rates</u>
First 2,000 gallons	\$15.99	\$15.99	\$15.99	\$15.99	\$15.99	\$16.49
All over 2,000 gallons	\$7.99 / 1,000 gallons	\$7.99 / 1,000 gallons	\$7.99 / 1,000 gallons	\$7.99 / 1,000 gallons	\$7.99 / 1,000 gallons	\$8.49 / 1,000 gallons
<b>Sewer # of Customers</b>	<u>310</u>	<u>308</u>	<u>307</u>	<u>311</u>	<u>309</u>	<u>314</u>
						4
						1.27%
						increase in customers since 2013

<b>Estimated Total Revenue Generated Under Proposed Rates</b>		
	<u>Total Gallons Used</u>	<u>Revenue</u>
<b>Water -</b>		
Minimum (2,444 customers x \$23.63 x 12 months)	58,320,000	\$ 689,051
Volumetric (106,928,213/1000 x \$8.65)	106,928,213	\$ 924,929
	<u>165,248,213</u>	<u>\$ 1,613,980</u>
<b>Sewer -</b>		
Minimum (314 customers x \$16.49 x 12 months)	7,536,000	\$ 62,134
Volumetric (106,928,213/1000 x \$8.65)	18,313,474	\$ 158,412
	<u>25,849,474</u>	<u>\$ 220,546</u>
		<u>\$ 1,834,526</u>

<b>If WE RAISE RATES \$.50 PLUS INCLUDE 0 USAGE -</b>		
	<u>Total Gallons Used</u>	<u>Revenue</u>
<b>Water -</b>		
Minimum (2,444 customers x \$24.13 x 12 months)	-	\$ 703,631
Volumetric (165,248,213/1000 x \$9.15)	165,248,213	\$ 1,512,021
	<u>165,248,213</u>	<u>\$ 2,215,652</u>
<b>Sewer -</b>		
Minimum (314 customers x \$16.99 x 12 months)	-	\$ 64,018
Volumetric (106,928,213/1000 x \$9.15)	25,849,474	\$ 236,523
	<u>25,849,474</u>	<u>\$ 300,541</u>
		<u>\$ 2,516,193</u>

SCENARIO 2 -		
IF WE RAISE RATES \$1.00 PLUS INCLUDE 0 USAGE -		
	<u>Total Gallons Used</u>	<u>Revenue</u>
Water -		
Minimum (2,444 customers x \$24.63 x 12 months)	- \$	718,211
Volumetric (165,248,213/1000 x \$9.65)	165,248,213 \$	1,594,645
	<u>165,248,213</u>	<u>2,312,856</u>
Sewer -		
Minimum (314 customers x \$17.49 x 12 months)	- \$	65,902
Volumetric (106,928,213/1000 x \$9.65)	25,849,474 \$	249,447
	<u>25,849,474</u>	<u>315,350</u>
	\$	2,628,206

SCENARIO 3 -		
IF WE RAISE RATES \$1.00 PLUS INCLUDE 0 USAGE , AND HAVE SEWER MINIMUM SAME AS WATER		
	<u>Total Gallons Used</u>	<u>Revenue</u>
Water -		
Minimum (2,444 customers x \$24.63 x 12 months)	- \$	718,211
Volumetric (165,248,213/1000 x \$9.65)	165,248,213 \$	1,594,645
	<u>165,248,213</u>	<u>2,312,856</u>
Sewer -		
Minimum (314 customers x \$24.63 x 12 months)	- \$	92,806
Volumetric (106,928,213/1000 x \$9.65)	25,849,474 \$	249,447
	<u>25,849,474</u>	<u>342,253</u>
	\$	2,655,109

**METROPOLITAN LYNCHBURG - MOORE COUNTY WATER & SEWER DEPARTMENT**

Revenue Bonds:		6/30/2017	Debt Service		
		<u>Balance</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
Series 1997	WATER	207,543	7,400	10,108	17,508
Series 2001	WATER	167,004	4,251	7,893	12,144
Series 2006	WATER	903,387	17,638	38,186	55,824
Series 2008	WATER	2,245,576	41,267	94,321	135,588
Series 2014	SEWER	1,902,826	32,908	42,476	75,384
SRF Loan	SEWER	392,889	48,419	11,029	59,448
SRF Loan	SEWER	<u>1,216,638</u>	<u>65,628</u>	<u>-</u>	<u>65,628</u>
<b>TOTALS</b>		<u><b>7,035,863</b></u>	<u><b>217,511</b></u>	<u><b>204,013</b></u>	<u><b>421,524</b></u>



**METROPOLITAN LYNCHBURG - MOORE COUNTY WATER & SEWER DEPARTMENT**

**Capital Planning**

	<u>Life</u>	<u>Cost</u>	<u>Estimated Depreciation</u>
Repair Tube Settlers	40	50,000	1,250
Pipes & Diffusers Conn	40	30,000	750
Water Treat Paint	20	1,500	75
Water Auto Value	20	1,500	75
Aerator	40	200,000	5,000
Video Monitoring	5	400	80
Telephizing Lines	40	30,000	750
Sewer Line Repairs	40	200,000	5,000
Office Computer	5	15,000	3,000
Truck	5	30,000	6,000
Truck	5	25,000	5,000
Zone Meters	40	50,000	1,250
Pump Station	40	50,000	1,250
			<u>1,250</u>
		Total	<u>\$ 29,480</u>

**METROPOLITAN LYNCHBURG - MOORE COUNTY WATER & SEWER DEPARTMENT**

A Water System that is "financially distressed" shall be subject to the supervision and evaluation of the Waste Water Finance Board (WWFB). A "financially distressed water system" is a system or systems, that, as shown by the audited annual financial reports, has either a deficit in total net position, is in default on an indebtedness, or has a negative change in net position for two (2) consecutive years without regard to any grants or capital contributions. For purposes of this section, a "change in net position" means total revenues less all grants, capital contributions, and expenses. See TN Annotated Code 7-34-115 for more information.

	<u>6/30/2016</u>	<u>6/30/2017</u>
Total Revenues	1,925,006	2,742,033
Less Total Expenses	(1,847,160)	(2,239,014)
Less All Grants & Capital Contributions	<u>(110,479)</u>	<u>(903,579)</u>
Change in Net Position	<u>(32,633)</u>	<u>(400,560)</u>
Net Position	<u>7,656,784</u>	<u>8,159,803</u>

NOTE: For WWFB purposes - the System is in financial distress.

**METROPOLITAN LYNCHBURG - MOORE COUNTY WATER & SEWER DEPARTMENT**

<u>Water Loss Schedule</u>	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
Water Supplied (in mg/yr.)	227.219	231.069	224.812	210.512	272.911
Authorized Consumption (in mg/yr.)	169.076	160.312	143.857	150.799	160.981
Water Losses (in mg/yr.)	58.143	70.757	80.955	59.713	111.930
Percentage of Loss	25.6%	30.6%	36.0%	28.4%	41.0%
Water Audit Validity Score (out of 100)	71	76	77	80	83
Non-Water Revenue as % of Cost of Operating System	n/a	n/a	7.2%	4.7%	10.1%

**Utilities will be referred to the Utility Management Review Board based on:**

- A. Incomplete AWWA water audit submitted anytime on or after January 1, 2013;
- B. For audits received by the Comptroller of the Treasury from 1/1/2015 to 12/31/2016 -Validity score of 70 or less or non-revenue water as a percent by cost of operating system of 25% or greater;
- C. For audits received by the Comptroller of the Treasury from 1/1/2017 to 12/31/2018 - Validity score of 75 or less or non-revenue water as a percent by cost of operating system of 20% or greater;
- D. For audits received by the Comptroller of the Treasury from 1/1/2019 to 12/31/2020 Validity score of 80 or less or non-revenue water as a percent by cost of operating system of 20% or greater.

**THE FOLLOWING MAY BE ABLE TO HELP WITH WATER LOSS:**

- 1. Test master meters annual
- 2. Test a representative portion of customer meters
- 3. Leak surveys
- 4. Preservation of system
- 5. Zone meters

**METROPOLITAN LYNCHBURG - MOORE COUNTY WATER & SEWER DEPARTMENT**

**LEAK ADJUSTMENTS FOR 2 YEARS**

Leak Adjustments

10,156.44

Tennessee law mandates that the Metro Utility Department operate its water and sewer system as a financially self-sufficient enterprise and that its rates and fees reflect the actual cost of providing its water and sewer services. Therefore, the Department's only source of revenue comes from the rates and fees its customers pay for water and sewer service. To meet these mandates, the Department must increase its current water and sewer rates to remain financially sound and to continue to meet the water quality regulations of the Tennessee Department of Environment and Conservation. The Department has not increased its monthly water and sewer service rates since July 2012.

**Effective August 1, 2018, the new monthly rates for water and sewer service will be as follows:**

**Water: \$24.88 for the first 2000 gallons and \$10.15 per 1000 gallons over.**

**Sewer: \$18.24 for the first 2000 gallons and \$10.49 per 1000 gallons over.**

If you have any further questions, please contact us at 931-759-4297.

Tennessee law mandates that the Metro Utility Department operate its water and sewer system as a financially self-sufficient enterprise and that its rates and fees reflect the actual cost of providing its water and sewer services. Therefore, the Department's only source of revenue comes from the rates and fees its customers pay for water and sewer service. To meet these mandates, the Department must increase its current water and sewer rates to remain financially sound and to continue to meet the water quality regulations of the Tennessee Department of Environment and Conservation. The Department has not increased its monthly water and sewer service rates since July 2012.

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**Sewer: \$18.24 for the first 2000 gallons and \$10.49 per 1000 gallons over.**

If you have any further questions, please contact us at 931-759-4297.

## Brooke Fanning

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**From:** Melanie Sain <melaniesain@taud.org>  
**Sent:** Wednesday, June 20, 2018 2:01 PM  
**To:** Brooke Fanning  
**Subject:** Update  
**Attachments:** MALLORY VALLEY UPDATE.pdf

Hi Brooke,

Attached is the updated sheets for the debt ratio and rates. I hope this is what the Board needed. If not, let me know.

While the new rates will generate additional income, it may not be enough. If you reduce minimum bill to include 0 gallons for both water and sewer, this will greatly increase your revenue.

Thanks,  
**Melanie Sain, CMFO**  
**Accounting Specialist**  
**Tennessee Utility Assistance, LLC (TUA)**  
**840 Commercial Court**  
**Murfreesboro, Tennessee 37129**  
[melaniesain@taud.org](mailto:melaniesain@taud.org)  
**office: 615-896-9022**  
**mobile: 615-593-2697**



*Tennessee Utility Assistance, LLC, a registered municipal advisor  
MSRB No. K0571*

**METROPOLITAN LYNCHBURG - MOORE COUNTY WATER & SEWER DEPARTMENT**

**SUMMARY OF CURRENT RATES**

<b><u>WATER</u></b>	<b><u>Proposed Rates</u></b>
First 2,000 gallons	\$24.88
All over 2,000 gallons	\$10.15 / 1,000 gallons
Water # of Customers	<u>2444</u>

<b><u>SEWER</u></b>	<b><u>Proposed Rates</u></b>
First 2,000 gallons	\$18.24
All over 2,000 gallons	\$10.49 / 1,000 gallons
Sewer # of Customers	<u>314</u>

<b><u>Estimated Revenue Generated from Proposed New Rates</u></b>		
	<b><u>Total Gallons Used</u></b>	<b><u>Revenue</u></b>
Water -		
Minimum (2,444 customers x \$24.88 x 12 months)	58,320,000	\$ 725,501
Volumetric (106,928,213/1000 x \$10.15)	106,928,213	\$ 1,085,321
	<u>165,248,213</u>	<u>\$ 1,810,822</u>
Sewer -		
Minimum (314 customers x \$18.24 x 12 months)	7,536,000	\$ 68,728
Volumetric (106,928,213/1000 x \$10.49)	18,313,474	\$ 192,108
	<u>25,849,474</u>	<u>260,837</u>
		<u>\$ 2,071,659</u>

<b><u>If 0 gallons were included in the minimum - Additional Revenue Generated</u></b>		
	<b><u>Total Gallons Used</u></b>	<b><u>Revenue</u></b>
Water	58,320,000	\$ 591,948
Sewer	7,536,000	\$ 79,053
		<u>\$ 671,001</u>

NOTE: THE GALLONS USED WERE BASED ON PRIOR YEARS AND COULD VARY FROM YEAR TO YEAR.

**METROPOLITAN LYNCHBURG - MOORE COUNTY WATER & SEWER DEPARTMENT**

**DEBT SERVICE COVERAGE**

<b><u>TOTAL WATER &amp; SEWER</u></b>	<b>UNAUDITED</b>	<b>PROPOSED</b>
	<b><u>7/1/17 - 6/20/18</u></b>	<b><u>BUDGET 18/19</u></b>
<b>Revenue:</b>		
Sales - Water	\$ 1,468,272	\$ 1,802,064
Sales - Sewer	225,466	284,737
Other	98,036	105,696
Interest	668	800
Contributed Capital/Grants	-	-
<b>Total Revenue</b>	<b><u>1,792,442</u></b>	<b><u>2,193,297</u></b>
<b>Expenses</b>		
Operating Expenses	1,839,070	2,131,802
Interest Expense	216,933	-
Depreciation	(481,851)	-
<b>Total Expenses</b>	<b><u>1,574,152</u></b>	<b><u>2,131,802</u></b>
<b>Net Revenue</b>	<b>218,290</b>	<b>61,495</b>
<b>Contributed Capital/Grants NOT INCLUDED</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Net Revenue Available for Debt Service</b>	<b>218,290</b>	<b>61,495</b>
<b>Annual Debt Service</b>	<b><u>\$ 421,524</u></b>	<b><u>\$ 421,524</u></b>
<b>Debt Service Ratio</b>	<b><u>0.52 X</u></b>	<b><u>0.15 X</u></b>

NOTE: The District continues to be below the required 1.2 ratio through 6/20/18 (unaudited).



**b) Review of the Leak Adjustment Policy:**

METROPOLITAN LYNCHBURG MOORE COUNTY  
UTILITY DEPARTMENT  
BOARD MEETING  
August 13, 2018

The Metro Utility Board meeting scheduled for August 13, 2018 at 6:30 P.M. was called to order by Tommy Brown, Chairperson. Members present were: Tommy Brown, Darrell Richards, Arvis Bobo, Marty Copeland, Patrick Maynard, Rick Garland and Brooke Fanning.

Visitors: Bryant Griffin, Goodwyn, Mills and Cawood, Andy Whitt, Jack Daniel Distillery.

Motion was made by Darrell Richards, seconded by Patrick Maynard, to accept the minutes of the July 9, 2018 meeting. Motion passed 5-0.

Engineer's Report --

**a. HIGH SCHOOL FIRE PROTECTION**

The Department has been approached about providing fire protection for the new high school. A hydraulic analysis will be required to determine what improvements will be required to provide fire protection and/or if fire protection can be supplied.

After a discussion of this issue the utility board felt it would be beneficial for a meeting to be scheduled with the Metro Utility Department and the Metro School Board/Superintendent to establish the needs of the school's engineering firm to proceed with the renovation of the high school.

Leak Adjustment Policy C & D: The Water and Wastewater Finance Review Board asked the utility board to review the department's leak adjustment policy. The board members reviewed the department's current policy as well as a policy recommended by TAUD. After a lengthy discussion the utility board requested that Brooke Fanning contact a company called *ServLine* about providing "service line" protection to MUD customers. A package for review will be provided to the new utility board for September's meeting.

Manager's Report: Mr. Garland discussed leaks with the utility board. He said the past two weekends have produced several leaks and caused the maintenance employees to work long hours.

Motion was made by Marty Copeland, and seconded by Patrick Maynard., to adjourn. Meeting adjourned at 7:30 PM. Motion passed 5-0.

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Tommy Brown, Chairperson

c) Determination of the need for a long-term water purchase contract with Tullahoma;

**Rick Garland**

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**From:** Scott Young <syoun@tullahomautilities.com>  
**Sent:** Thursday, June 14, 2018 4:27 PM  
**To:** Rick Garland  
**Subject:** RE: Rates

Rick –

I talked with Brian. I think for now we're ok with the way its currently set up. You're paying a monthly service fee plus whatever you use. Down the road at some point we might re-evaluate that, but I think we're good for now. If something changes on your end, let us know.

**Scott A. Young, PE**  
Vice President, Water/Wastewater Systems  
Tulahoma Utilities Authority  
(931) 571-7106  
www.tullahomautilities.com



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**From:** Rick Garland <rgarland@metroutilitydepartment.com>  
**Sent:** Thursday, June 14, 2018 3:53 PM  
**To:** Scott Young <SYoung@tullahomautilities.com>  
**Subject:** RE: Rates

It's just been sporadic, not sure how much!

I believe we used some memorial day!

Are you able to look at graphs and times and usage for the days?

Just get back to me so I can present this to my board!

I appreciate you guys talking with us!

Thanks

---

**From:** Scott Young [<mailto:syoung@tullahomautilities.com>]  
**Sent:** Thursday, June 14, 2018 11:07 AM  
**To:** Rick Garland <[rgarland@metroutilitydepartment.com](mailto:rgarland@metroutilitydepartment.com)>  
**Subject:** RE: Rates

Rick –

I need to discuss some more with Brian Skelton. It looks like you are using water most months – do you see the same usage pattern for the future?

Thanks

**Scott A. Young, PE**  
Vice President, Water/Wastewater Systems  
Tulahoma Utilities Authority  
(931) 571-7106  
[www.tullahomautilities.com](http://www.tullahomautilities.com)



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**From:** Rick Garland <[rgarland@metroutilitydepartment.com](mailto:rgarland@metroutilitydepartment.com)>  
**Sent:** Thursday, June 14, 2018 10:42 AM  
**To:** Scott Young <[SYoung@tullahomautilities.com](mailto:SYoung@tullahomautilities.com)>  
**Subject:** Rates

Good Morning,

Wasn't sure how you were coming along with the rates we discussed!

Thanks!

Rick Garland

d) Creation of review of the existing plan to reduce water loss;

e) Creation of review of a plan to reduce infiltration and inflow; and



**PLAN OF ACTION  
METRO UTILITY DEPARTMENT  
METROPOLITAN LYNCHBURG/MOORE COUNTY, TENNESSEE**

**REDUCE WATER LOSS IN DISTRIBUTION SYSTEM:**

Metro Utility Department (MUD) has installed four (4) zone meters as of June 1, 2018. These zone meters are interconnected to MUD's telemetry system, and show real time data on water usage through trending charts and spreadsheets. Variations in trending at certain times of the day indicate an increase or decrease in average water usage. Large flow increases above the average trending data point to potential water loss downstream of the subject zone meter(s).

The information obtained from the zone meter(s) allows MUD to identify the location of the water leak(s) in an efficient and timely manner. Water loss has been reduced by approximately 10% since the installation of the first zone meter in 2017. Presently zone meters are in four (4) of MUD's five (5) pressure zones.

The following improvements with estimated cost (adjusted with approximate 4% annual inflation) and timeline are proposed:

- 1) Install one (1) additional zone meters in 2019 at estimated cost of \$10,000.00;
- 2) Install one (1) additional zone meters in 2020 at estimated cost of \$10,400.00;
- 3) Install one (1) additional zone meters in 2021 at estimated cost of \$10,850.00.

The location of the proposed zone meters will be field determined by MUD per field data obtained from the existing zone meters. It is the Department's intent to have an annual water loss between 15% and 20% by the end of 2021.

**REDUCE INFLOW AND INFILTRATION IN COLLECTION SYSTEM:**

The Department has recently completed a \$3.5M upgrade to their Wastewater Treatment Plant (WWTP). It is the intent of MUD to now focus on reducing the Inflow and Infiltration (I/I) in their collection system. In the past six (6) months, MUD has located and repaired fifteen (15) leaking manholes. Leaks were as large as 5 gallons to 10 gallons per minute, and as small as a steady drip. Average flows to the WWTP have been reduced by approximately 10% to 15% via these manhole repairs.

The following with estimated cost and timeline are proposed to decrease the I/I in the collection system:

- 1) Perform manhole inspection on all manholes in collection system in 2018. MUD personal will do these inspections;
- 2) Repair manholes in 2019 based upon the information obtained from the inspections performed in 2018 by the Department.
- 3) Perform cleaning and televising of 10,000 linear feet of gravity sewer line in 2019 at an estimated cost of \$20,000.00;
- 4) Do a sewer rehabilitation in 2020 and 2021 based upon the information obtained from cleaning and televising the gravity sewer lines in 2019.

It is the Department's intent to reduce the I/I in the collection system between 30% and 40% by the end of 2021.



**Rick Garland** – Utility Manager  
Metro Utility Department  
P.O. Box 503  
705 Fayetteville Hwy.  
Lynchburg, TN 37352

**Brooke Fanning** – Office Manager  
[www.metroutilitydepartment.com](http://www.metroutilitydepartment.com)  
E-mail: [info@metroutilitydepartment.com](mailto:info@metroutilitydepartment.com)  
931-759-4297 Phone  
931-759-5671 Fax

June 15, 2018

Jack Daniels Distillery  
Mr. Jim Ramsey  
PO Box 199  
Lynchburg, TN 37352

Dear Valued Customer,

In an effort to reduce water loss, Metro Utility Department will have Reed & Shows Company perform accuracy tests on your meter annually. In the past we have only conducted these tests every couple of years. However, conducting these tests annually will become a vital step in reducing water loss for our county. Metro Utility will notify you prior to the testing date via letter. If you have any questions or concerns you may contact me at 931.759.4297.

Sincerely,

**Rick Garland**  
*Utility Manager*

- f) Update of the existing five-year capital asset plan with projected costs to be included.

<b>Asset</b>	<b>Estimated Cost</b>
Repair Tube Settlers & Effluent from basins to filters	\$ 50,000.00
Connect existing water basins with "O" pipes and diffuser	\$ 30,000.00
Paint inside of Water Treatment Plant	\$ 1,500.00
Repair Raw Water auto valve	\$ 1,500.00
Aerator or Aeration Basin -- Water Treatment Plant	\$ 200,000.00
Video Monitoring system of Wastewater Treatment Plant property	\$ 400.00
Telephizing sewer lines to correct i/i problems	\$ 30,000.00
Sewer Line repairs (sleeves) 8" lines upstream	\$ 200,000.00
Office Computer Equipment	\$ 15,000.00
New Service Truck	\$ 30,000.00
New Meter Truck	\$ 25,000.00
Zone Meters to react to distribution leaks	\$ 50,000.00
Buckeye Pump Station	\$ 50,000.00
<b>Total</b>	<b>\$ 683,400.00</b>

METROPOLITAN LYNCHBURG MOORE COUNTY  
 UTILITY DEPARTMENT  
 BOARD MEETING  
 May 14, 2018

The Metro Utility Board meeting scheduled for May 14, 2018 at 6:30 P.M. was called to order by Tommy Brown, Chairperson. Members present were: Tommy Brown, Darrell Richards, Arvis Bobo, Marty Copeland, Patrick Maynard, Brooke Fanning and Rick Garland.

Visitors: none

Motion was made by Marty Copeland, seconded by Patrick Maynard, to accept the minutes of the April 9, 2018 meeting. Motion passed 5-0.

Engineer's Report --

Nothing to report.

2017-2018 Budget Revisions – Brooke Fanning distributed a spreadsheet with the budget revisions discussed at the May 7<sup>th</sup> budget meeting. A motion was made by Marty Copeland and seconded by Darrell Richards to accept the 2017-2018 revised budget amendments in the amount of \$169,301.00. A roll call vote was taken: Marty Copeland – Yes, Arvis Bobo- Yes, Tommy Brown – Yes, Patrick Maynard- Yes, Darrel Richards –Yes. Motion carried 5-0.

GL #	Description	2017-2018		
		Revision	Increase	Decrease
		\$	\$	
52100-100	Telephone	4,075.00	1,075.00	
		\$		\$
52100-200	Telehone	3,925.00		(1,075.00)
		\$	\$	
52130-300	Electricity	27,500.00	12,500.00	
		\$	\$	
52311-210	Treated Water	50,000.00	41,700.00	
		\$	\$	
53100-100	Office Supplies	20,000.00	10,000.00	
		\$	\$	
53160-100	Education	700.00	550.00	
		\$	\$	
53160-200	Education	1,500.00	500.00	
		\$	\$	
53160-300	Education	1,100.00	300.00	
		\$	\$	
53160-400	Education	500.00	300.00	
		\$	\$	
53200-100	Audit Fees	20,000.00	8,000.00	

53280-100	Advertisement	\$ 1,300.00	\$ 800.00	
53280-200	Advertisement	\$ -		\$ (1,600.00)
53310-100	Office Equipment- Svc contract	\$ 250.00	\$ 250.00	
53370-100	Maintenance & Repair	\$ 75.00		\$ (925.00)
53370-200	Maintenance & Repair	\$ 16,000.00	\$ 10,000.00	
53370-210	Maintenance & Repair	\$ 34,000.00	\$ 18,000.00	
53370-400	Maintenance & Repair	\$ 4,000.00	\$ 500.00	
53400-100	Vehicle Maintenance & Repair	\$ 1,500.00	\$ 500.00	
53400-300	Vehicle Maintenance & Repair	\$ 400.00	\$ 200.00	
53400-400	Vehicle Maintenance & Repair	\$ 4,400.00	\$ 300.00	
53430-300	Pre-Treatment & Bio Monitoring	\$ 7,000.00		\$ (3,000.00)
53460-200	Raw Water	\$ 2,200.00	\$ 1,200.00	
53490-100	Depreciation	\$ 18,000.00		\$ (6,000.00)
53490-200	Depreciation	\$ 370,000.00	\$ 18,000.00	
53490-300	Depreciation	\$ 72,000.00	\$ 46,000.00	
53490-400	Depreciation	\$ 10,000.00		\$ (5,500.00)
53580-200	Chemicals	\$ 144,000.00	\$ 14,000.00	
53580-300	Chemicals	\$ 10,000.00		\$ (7,500.00)
53640-100	Engineering Fees	\$ 1,200.00	\$ 1,200.00	
53640-200	Engineering Fees	\$ -		\$ (500.00)
53640-210	Engineering Fees	\$ -		\$ (4,224.00)
53670-200	Debt Service Interest	\$ 173,000.00		\$ (7,000.00)
53670-300	Debt Service Interest	\$ 29,000.00	\$ 16,000.00	
53680-100	Retirement Benefit	\$ 6,800.00	\$ 1,200.00	

53680-200	Retirement Benefit	\$ 1,600.00	\$ 100.00	
53680-300	Retirement Benefit	\$ -		\$ (900.00)
53680-400	Retirement Benefit	\$ 650.00		\$ (1,350.00)
53700-200	State Permit Fees	\$ 4,000.00	\$ 3,000.00	
53700-210	State Permit Fees	\$ -		\$ (500.00)
53730-200	Lab Fees	\$ 2,900.00		\$ (600.00)
53730-210	Lab Fees	\$ 3,500.00	\$ 3,500.00	
53740-400	Utility Maint Tools	\$ 350.00		\$ (150.00)
53760-100	Dues & Subscriptions	\$ 1,500.00		\$ (500.00)
53760-200	Dues & Subscriptions	\$ 650.00	\$ 300.00	
53760-300	Dues & Subscriptions	\$ 650.00	\$ 650.00	
	<b>TOTALS</b>	<b>\$ 1,050,225.00</b>	<b>\$ 210,625.00</b>	<b>\$ (41,324.00)</b>

2018-2019 Budget Proposal- Brooke Fanning presented the utility board with a 2018-2019 proposed budget for review. After the numbers were discussed, Tommy Brown introduced the idea of a rate increase to the utility board members. He said he would like to see three rates: residential, business and industrial. He also expressed a need to see the per 1000 gallon overage rate to be increased. Darrell Richards proposed a \$7.00 increase for the minimum base rate on water only. Marty Copeland proposed a \$1.25 increase for the 1000 gallon overage rate. After a lengthy discussion, a motion was made by Marty Copeland to accept the 2018-2019 proposed budget, as long as the expense items discussed are decreased and a rate increase was introduced into the revenue side of the budget at a \$1.75 minimum base rate increase for both water and sewer as well as a \$2.00 increase for the 1000 gallon overage rate for both water and sewer. Motion was seconded by Patrick Maynard. A roll call vote was taken: Marty Copeland – Yes, Arvis Bobo- Yes, Tommy Brown –Yes, Patrick Maynard –Yes, Darrell Richards- Yes. Motion passed: 5-0.

Manager's Report – Mr. Garland presented the board with his five year asset plan totaling \$683,400.00.

<b>Asset</b>	<b>Estimated Cost</b>
Repair Tube Settlers & Effluent from basins to filters	\$ 50,000.00
Connect existing water basins with "O" pipes and diffuser	\$ 30,000.00

Paint inside of Water Treatment Plant	\$ 1,500.00
Repair Raw Water auto valve	\$ 1,500.00
Aerator or Aeration Basin -- Water Treatment Plant	\$ 200,000.00
Video Monitoring system of Wastewater Treatment Plant property	\$ 400.00
Telephizing sewer lines to correct i/i problems	\$ 30,000.00
Sewer Line repairs (sleeves) 8" lines upstream	\$ 200,000.00
Office Computer Equipment	\$ 15,000.00
New Service Truck	\$ 30,000.00
New Meter Truck	\$ 25,000.00
Zone Meters to react to distribution leaks	\$ 50,000.00
Buckeye Pump Station	\$ 50,000.00
	<hr/> \$ 683,400.00

A motion was made by Marty Copeland and seconded by Darrell Richards to accept this five year asset addition plan. A roll call vote was taken: Marty Copeland – Yes, Arvis Bobo – Yes, Tommy Brown –Yes, Patrick Maynard –Yes, Darrell Richards – Yes. Motion carries 5-0.

Motion was made by Patrick Maynard, and seconded by Darrell Richards, to adjourn. Meeting adjourned at 8:10PM. Motion passed 5-0.

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Tommy Brown, Chairperson



METROPOLITAN LYNCHBURG MOORE COUNTY  
UTILITY DEPARTMENT  
BOARD MEETING  
July 9, 2018

The Metro Utility Board meeting scheduled for July 9, 2018 at 6:30 P.M. was called to order by Tommy Brown, Chairperson. Members present were: Tommy Brown, Darrell Richards, Arvis Bobo, Marty Copeland, Patrick Maynard and Rick Garland.

Visitors: Bryant Griffin, Goodwyn, Mills and Cawood, Andy Whitt, Jack Daniel Distillery.

Motion was made by Arvis Bobo, seconded by Marty Copeland, to accept the minutes of the June 11, 2018 meeting. Motion passed 5-0.

JDD Sewer Back Billing: The utility board discussed Andy Whitt's proposal for payment of the Coy Hill Sewer back billing. When the new Coy Hill Stillhouse was constructed it was tied on to the Metro Utility Sewer Lines without notification being given to the utility department. Mr. Whitt proposed that JDD and Metro Utility share the responsibility for this error. The utility board explained to Mr. Whitt that JDD owed the utility department the money. After a lengthy discussion Mr. Whitt requested two weeks to explain what happened to JDD management and have payment approved and ACHed into the Utility's bank Account in the amount of \$54,171.76.

Engineer's Report --

**a. PLAN OF ACTION FOR WATER AND WASTEWATER FINANCING BOARD**

Included with this report for the Board's review is a revised Plan of Action requested by the Tennessee Water and Wastewater Financing Board to reduce the water loss in the distribution system, and the inflow and infiltration in the collection system.

Mr. Bryant Griffin reviewed the Plan of Action to be submitted to the Water and Wastewater Finance Review Board with the utility board members. Mr. Griffin and Mr. Garland both felt this plan was sustainable for the utility department. A motion was made by Darrell Richards and seconded by Patrick Maynard to accept the Plan of Action regarding water and sewer loss reduction to the Water and Wastewater Finance Review Board. Motion passed – 4-0.

TUB Contract: Mr. Garland spoke with management at TUB and they are willing to honor the current water rate of sale to MUD without a formal contract. We could enter into a contract if needed; right now we are on a per demand need.

Manager's Report: Mr. Garland discussed leaks with the utility board. He asked permission to install a zone meter on Bull Run Road. He explained that he already had the materials as well as the zone meter in inventory. He says that he will only need to pay for labor and installation costs of this zone meter. Darrell Richards made a motion that zone meters should be installed at two locations – Bull Run Road and Jack Daniel Distillery South; motion was seconded by Patrick Maynard. A roll call vote was taken: Arvis Bobo-- Yes, Tommy Brown -- Yes, Patrick Maynard – Yes, Darrell Richards- Yes, Marty Copeland – Absent. Motion carried 4-0.

Mr. Garland also proposed that the board take action on all 2" meters and larger. He suggested that all of these meters be tested annually rather than every 2 years. He feels like we are losing revenue on some of these meters. A motion was made by Darrell Richards and seconded by Arvis Bobo have all 2" meters and larger tested annually. Motion passed 4-0.

Rate Increase: The utility board members reviewed and discussed the TAUD proposal on a water rate increase. After a lengthy discussion a motion was made by Darrell Richards and seconded by Arvis Bobo to increase rates on August 1, 2018 to the following:

Water: \$24.88 for the first 2000 gallons and \$10.15 per 1000 gallons over.

Sewer: \$18.24 for the first 2000 gallons and \$10.49 per 1000 gallons over.

A roll call vote was taken: Arvis Bobo – Yes, Tommy Brown – Yes, Patrick Maynard – Yes, Darrell Richards – Yes. Motion passed 4-0.

Motion was made by Patrick Maynard, and seconded by Darrell Richrds., to adjourn. Meeting adjourned at 7:22 PM. Motion passed 4-0.

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Tommy Brown, Chairperson

**Metro Nashville-  
Davidson County  
Water and Sewer  
Department**



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 16, 2018

Mr. Scott Potter, Director  
Metro Water Services  
1600 2<sup>nd</sup> Ave N.  
Nashville, TN 37208

Dear Mr. Potter,

Metro Water Services' financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

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

Sincerely,

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

John Greer  
Technical Secretary

Enclosure

cc: (w/o encl.) The Honorable David Briley



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**BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD**

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**IN THE MATTER OF:**

**T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
METRO NASHVILLE – DAVIDSON COUNTY WATER SERVICES DEPARTMENT**

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**ORDER**

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Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the Metro Nashville – Davidson County water and sewer ("Metro Nashville") fund. Based on the deficiencies in Metro Nashville's water and sewer fund, the Board directs Metro Nashville to comply with the following:

1. Metro Nashville shall provide an update to Water and Wastewater Financing Board staff with the completed Raftelis rate study, and the implemented or proposed plan of action on or before August 31, 2019.
2. Metro Nashville shall provide an interim update to Water and Wastewater Financing Board staff on the Raftelis rate study on or before August 31, 2018.

Entered this 17<sup>th</sup> day of April 2018.

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Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

DAVID BRILEY  
MAYOR



## METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEPARTMENT OF WATER AND SEWERAGE SERVICES  
1600 SECOND AVENUE, NORTH  
NASHVILLE, TENNESSEE 37208-2206  
WWW.NASHVILLE.GOV/WATER

Chairwoman Ann V. Buttersworth  
Water & Wastewater Financing Board  
Cordell Hull Building  
425 Fifth Ave. North  
Nashville, TN 37243

Dear Ms. Buttersworth and Members of the Water & Wastewater Financing Board:

In response to the order dated April 17, 2018, Metro Water Services is pleased to provide an update regarding our cost of services study and rate adjustment project.

- Consultants from Raftelis have met with Director Potter and staff to discuss rate design and overall capital needs.
- Metro Water Services has conveyed historic customer billing data, which is being organized and analyzed, so that variable rate structures scenarios can be considered in addition to the level of rate adjustments. Raftelis is analyzing water and sewer billing data records from the last two fiscal years.
- GIS Data has been gathered to align payment data with other statistically significant data.
- The Financial Planning Model is in draft form pending the cost of services update and results of the capital planning discussions.
- The Cost of Services Analysis, which will assign costs to the various MWS rate structure components and customer classes, will be underway within the month. This analysis is dependent on the customer billing data analysis, also currently underway.
- A workshop regarding rate design and capital spending over the next ten years is planned with consultants.

The target date for completion of the Rate and Cost of services study is June 2019. I feel that MWS is safely on course to meet this deadline. In the meantime, MWS is closely monitoring several financial indicators to ensure financial health. Should you have any questions or concerns, please contact Amanda Deaton-Moyer at 615-862-4782 or [amanda.deaton-moyer@nashville.gov](mailto:amanda.deaton-moyer@nashville.gov).

Sincerely,

Scott A. Potter, P.E.  
Director, Metro Water Services



If you need assistance or an accommodation, please contact Metro Water Services,  
1600 Second Avenue North, Nashville, Tennessee 37208 or 615-862-4862.

# Michie



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

**Case: Michie**

**Staff Summary:**

Michie has been referred for financial distress.

<b>TOWN OF MICHIE</b>			
<b>HISTORY FILE</b>			
	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
<b>Fiscal Year 6/30</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Water revenues	\$ 372,141	\$ 389,713	\$ 395,296
Other revenues	\$ 13,541	\$ 12,861	\$ 15,483
<b>Total Operating Revenues</b>	<b>\$ 385,682</b>	<b>\$ 402,574</b>	<b>\$ 410,779</b>
<b>Total Operating Expenses</b>	<b>\$ (420,437)</b>	<b>\$ (444,258)</b>	<b>\$ (470,029)</b>
Operating Income	\$ (34,755)	\$ (41,684)	\$ (59,250)
Interest Income (expense)	\$ 1,422	\$ 512	\$ 1,867
Grant/Capital Cont.	\$ 122,668	\$ 4,884	\$ 17,033
<b>Change in Net Position</b>	<b>\$ 89,335</b>	<b>\$ (36,288)</b>	<b>\$ (40,350)</b>

The Town proactively requested TAUD perform a rate study and implemented the 7% rate increase that was recommended. The rate study and supporting documentation are in the packet for your review.

**Staff Recommendation:**

Order the following:

- 1. The Town shall send financial updates to Board staff by March 1 and September 1 of each year, beginning March 1, 2019, until the Board releases the Town from its oversight.**





JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 10, 2018

The Honorable Anthony Smith  
Town of Michie  
P. O. Box 27  
Michie, TN 38357

Dear Mayor Smith,

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

Please fill out the attached questionnaire and return it and all supporting documentation to our office no later than **June 15, 2018**. Please submit this to either [utilities@cot.tn.gov](mailto:utilities@cot.tn.gov), and/or the following mailing address:

Water & Wastewater Financing Board  
ATTN: John Greer  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

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. After we receive your information, we will decide whether it is necessary for the Town to (1) meet with our staff or (2) go directly before the Board.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "John Greer", is written over a faint, larger signature.

John Greer  
Technical Secretary

enclosure  
cc (w/out encl.): Mr. Roger Jenkins



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

### WWFB Financial Questionnaire

Utility: Michie Water System

#### Instructions: Please submit the following information

1. Five year history of your rates (all rate classes and types)
2. Five year history of all utility fees (include records of how you rationalized charges for: tap fees, reconnection fees, etc.)
3. The current customer contract used for new service accounts
4. Most current balance sheet and income statement (accounts must be broken out by water and sewer **if applicable**; you may need to estimate or use a percentage for each)
5. A copy of your debt management policy
6. A copy of your capitalization policy (by which you decide whether you capitalize versus expense items)

#### Instructions: Please respond to each question below with detailed answers

1. Do you have a plan to remedy your financially distressed position?
  - a. If so, please provide a detailed copy.
2. Who has the authority to set rates and fees? Do you have a board or committee separate from your local legislative body (board of mayor and aldermen, etc.)?
3. How many customers do you have currently? Please break out by metered, non-metered, billed and un-billed, and class (residential, commercial, etc.).
4. What percentage of your sales do the largest ten (10) customers (by volume and by revenue) represent on a yearly basis?
5. Do you have plans for a rate increase or decrease?
  - a. If yes, has your board voted on it?
    - i. Please attach the relevant minutes that show all discussion and votes.
  - b. If no, please attach the minutes where the relevant discussion and vote took place to not change the current rate structure.
6. What is the justification for the current structure of your rates?
7. Do you have written policies for rates and fees (how they are implemented and billed, including adjustments)?
  - a. If so, please provide a list of the applicable policies.
  - b. How often do you review these policies?
8. How do you make customers aware of the rates and fees you have in place?
  - a. Is this done at least annually? If not, please explain.
9. Do you have a capital asset plan/budget?
  - a. If so, how long does it forecast (5 year, 10 year, etc.)?
  - b. If you do not have a capital asset plan, please justify why you do not.

10. Do you review your capital asset list?
  - a. If so, please indicate the frequency it is reviewed (annually, semi-annually, etc.) and who reviews this list.
  - b. If you do not review your capital asset list, please justify why you do not.
11. Do you have any environmental issues currently or forthcoming that will put a financial burden on the system?
12. Do you have a leak adjustment policy?
  - a. If so, what is the average yearly amount adjusted in gallons, cost to produce (or purchase), and lost revenue?
  - b. Please attach a copy of the policy.
13. Have you already, or do you plan to incur any new debt during the current fiscal year?
  - a. If so, please provide a detailed explanation.
14. Have you already, or do you plan to receive any grants or capital contributions during the current fiscal year?
  - a. If so, please provide a detailed explanation.
15. Have you applied for grants that will be received over the next two years?
  - a. If so, please provide a detailed explanation.
16. Do you produce or purchase your water supply?
  - a. If you produce your own water,
    - i. What is the cost per thousand to produce?
  - b. If you buy your water,
    - i. What is the cost per thousand?
    - ii. Do you have a long-term purchase contract in place?
17. Do you have any wholesale customers?
  - a. Do you have written contracts with those customers?
18. What is your current non-revenue water percentage?
  - a. Do you have any plans for improving your non-revenue water percentage?
  - b. If so, please provide a detailed explanation.
19. With respect to your governing board, how frequently do you meet and what is your practice of providing notice of your meetings?
20. Has your governing body met the applicable training requirements?
  - a. Please provide a list of Board members and their election/appointment dates.
  - b. Please review the training requirements at <https://www.comptroller.tn.gov/WWFB/>

*I hereby certify that the information provided is true and correct to the best of my knowledge.*

Signature: Anthony Smith Title: Mayor Date: 7-16-2018

Please mail, e-mail, or fax copies of any documentation to:

*Logan L. Jenkins 7-26-18*  
*Plant manager*

**Water & Wastewater Financing Board**  
**ATTN: John Greer**  
**Fourth Floor Cordell Hull Building**  
**425 Fifth Avenue North**  
**Nashville, Tennessee 37243**  
**Phone: (615) 747-5260**  
**Fax: (615) 741-1551**  
**utilities@cot.tn.gov**

Michie Water System's WWFB Financial Questionnaire Answers:

1. Yes, we have a plan to fix our financially distressed position. All of these changes were voted on and approved at our June 25, 2018 regular board meeting.
  - a. We have increased our water rates by 7%.
  - b. We have changed our rate change policy from changing with the cost of living increases to changing by the amount of the cost of living increases unless the amount is less than 1%. If the cost of living increase is less than 1% we will increase the water rates by 1% on July 1<sup>st</sup> each year. (See updated policy)
  - c. We have cut \$20,000 from our repair and maintenance budget. This total came from expenses we do not expect to have in the next 5 years.
  - d. The city is going to reimburse the water department \$20,000 this year for work that the water department maintenance guys have done on the city streets and for the city and for the use of the water department equipment to do these jobs. The water department maintenance men have to do the work for the city and streets. After this year the city has agreed to start reimbursing the water department based on a percentage of their time spent working for the city and street departments.
  - e. We have increased our tap fees by \$100. The ¾" meter tap was \$440 and we increased it to \$550. The 1" meter tap was \$550 and we increased it to \$650. This increase was done because after reviewing the materials cost and labor to set a new meter tap we saw that we were not charging enough.
  - f. We have increased our service charge fee from \$20 to \$30. The reconnect fee was increased from \$20 to \$60 and the after-hours reconnect fee was increased from \$50 to \$100.
  - g. We have changed the company we use to process our credit cards. By changing the company we are saving an approximate \$1000 in credit card fees that we were being charged. The new company also set us up a website that will allow us to eliminate all of our newspaper fees. We will no longer have to run our CCR or spring/fall cross connection notices in the paper.
  - h. In August of 2017 we had an employee of 30 years retire. We did hire someone to replace him, however, the new employee does not make as much as this gentleman did and the new employee opted out of receiving health insurance.
  - i. As of July 2017 we no longer pay employees mileage when they work on the weekends or have to come in after regular business hours. The employee receives comp time when he comes in on weekends or after regular business hours. The comp time is then used before the end of the next pay period.
  - j. We are currently doing an audit of the water system to see if customers have added any additional connects to their water meters, more than one residence on a single meter or a business connected to their residential meter. As we find these additional connections the customers billing code is being changed so that they will be charged properly. We are also changing out older meters so that they are reading the water usage correctly and so that we are billing them correctly for all of their water usage. We are currently changing out about 10 to 15 meters per month.

2.
  - a. The mayor and alderman have the authority to set the rates and fees. When the water supervisor is reviewing his budget for the upcoming year and sees a need to increase the water rates or change any of the fees he will make a recommendation at the upcoming regular city board meeting. The board will then vote to either accept the recommendation or make any changes they see fit. It will then be voted on with an effective date and the changes will be made. (See copy of June 2018 city meeting minutes.)
  - b. No, we do not have a board separate from our local legislative body. Our mayor and alderman serve as our water board also.

3. We currently have 1030 active customers and approximately 200 inactive meter.

Commercial Inside City Limits: 26  
Commercial Outside City Limits: 20  
Residential Inside City Limits: 308  
Residential Outside City Limits: 676

4. We estimate that our largest 10 customers, by volume and revenue, represent only 10% to 15% of our volume/revenue on a yearly basis. Our largest customer's average water bill is \$250 to \$300 per month. During the hottest part of the summer one of the customers' bill might get up to around \$400.
5. Yes, we have increased our water rates by 7%. This water rate increase took effect July 1, 2018. (See attached minutes from the June 2018 city board meeting, updated rate change policy, and current water rates.)
6. Our current water rates were put into place after a recommendation from T.A.U.D following a water rate study they did for us on 5/23/18. (See attached Water rate study). These water rates took effect on July 1, 2018. Our previous water rates were put in place after recommendations were made by T.A.U.D. following a water rate study they did for us in 2012.

7.
  - a. Yes, we have a written water rate policy, (See Attached). Yes, we have a written leak adjustment policy, (See Attached). No, we do not have a written fee policy. If we see that we need to make a change to our fees, after reviewing invoices from the purchase of materials, a recommendation is made to the board and it is then voted on with an effective date. If any changes need to be made to any of our written policies the recommendation is made to the board and it is then voted on with an effective date. All of our policies, water rates and fees have been posted on our website,

michiewatersystem.com and are made available for customers to view in the business office, so that the customers can be made aware of any changes that have been made.

- b. We review our policies yearly to see if any changes need to be made. If a change needs to be a recommendation is made to the board and it will then be voted on with an effective date.

8.

- a. In 2012 the board voted to make all water rate increases to be effective July 1<sup>st</sup> of each year and would increase with the cost of living increase. Our customers were made aware of this so that we did not have to run ads in the local newspaper and on the water bills each year. However, with our new website, michiewatersytem.com, all of our policies, water rates and fees are posted for our customers to see at all times. Also, we have all our policies available for our customers to view in the business office. We have a copy of all the fees, service charges, reconnect fees, and deposits posted by the payment window inside the business office. If necessary we are able to print a short message on the water bills to notify the customers of any major changes being made. At most city meetings we have a newspaper reporter show up and write an article about what took place at the city meetings which is then ran in the newspaper that week.

- 9. Yes, we have a capital asset plan. We do not plan on purchasing any new capital assets in the next 5 years. Also, before we do anymore major water line improvements with a CDBG grant we are going to let some of our current depreciation roll off. We have several water line improvement projects that are going to roll off of our depreciation in the next 5 to 6 years.

- 10. Until recently our auditor was the one reviewing our capital asset list. However, we are now also reviewing our capital assets. This will be done on a yearly basis when we begin preparing the upcoming annual budget. The capital asset list will also be shown to the board members when the annual budget is shown to them for approval.

- 11. No, we do not have any environmental issues currently or forthcoming that will put a financial burden on the water system.

- 12. Yes, we have a leak adjustment policy. (See attached)

- a. Over the past 5 years we have adjusted a total of 4,322,455 gallons of water from customer's water bills due to water leaks, an average of 864,491 gallons per year. We lost a total of \$20,444.30 in revenue due to customers having water leaks, an average of \$4,088.86 per year in lost revenue.

Fiscal Year	Total Revenue Lost:	Total Gallons Adjusted
-------------	---------------------	------------------------

July 1, 2017 - June 30, 2018	\$3,470.91	663,625
July 1, 2016 – June 30, 2017	\$2,894.58	589,515
July 1, 2015 – June 30, 2016	\$4,461.93	944,315
July 1, 2014 – June 30, 2015	\$3,249.80	733,000
July 1, 2013 – June 30, 2014	\$6,367.08	1,392,000
Total: (5 Years)	\$20,444.30	4,322,455
Average:	\$4,088.86	864,491

13. No, we do not have a debt or plan to incur and new debt during the current fiscal year or within the next 5 years.
14. No, we do not plan on getting any new grants or capital contributions during the current fiscal year. We are in the process of closing out a water line replacement CDBG grant. Per the auditors, who gave us the totals to add to our depreciation for the year, we have added this water line replacement to our current budgets depreciation line item. We do not plan on doing any more projects with grant or capital contributions until several items roll off of our depreciation totals in the new 5 to 6 years.
15. No, we have not applied for any new grants that we will be receiving over the next 2 years. We are in the process of closing out a water line replacement CDBG grant.
16. We produce our own water. It costs \$4.99 per 1,000 gallons to produce our water.
17. No, we do not have any wholesale water customers.
18. Our current non-revenue water percentage is 18.384%
  - a. We are always trying to find ways to lower this percentage. However, the only non-revenue water usage we have is from our fire department filling the fire trucks, flushing our water lines and cleaning/filling our water tanks.
19. Our governing board meets every 4<sup>th</sup> Monday night of the month at 6:00 p.m. at Michie City Hall, except for in May (it is the 4<sup>th</sup> Tuesday night due to Memorial Day) and December (no meeting). If the governing board needs to change a meeting or call a special called meeting a notice is ran in the newspaper for 2 weeks leading up to the meeting. We also post notices in public place around town (post office, water department, bank, and the local gas station), post a notice on the website (michiewatersystem.com) and post a notice on the city Facebook Page.
20. No, the local governing body has not had the applicable training requirements. However, they do not have to meet this requirement until they go back for reelection. The terms where extended so that the city election would fall with the county election.

Name:	Position:	Year Elected:	Year For Re-Election:
Anthony Smith	Mayor	2015	2020
Jed Baker	Vice Mayor	2015	2020
John Dunn	Alderman	2013	2018
Michael Poindexter	Alderman	2017	2018
Jay Poindexter	Alderman	2013	2018





Michie Water System

5 Year Water Rate History:

**Water Rate Increase (Per Current Rate Policy) effective July 1, 2018:**

Inside City limits (1<sup>st</sup> 2,000 gallons): \$17.59 (\$1.15 increase)  
Outside City limits (1<sup>st</sup> 2,000 gallons): \$20.64 (\$1.35 increase)  
Per 1,000 gallons (after 1<sup>st</sup> 2,000 gallons): \$5.33 (\$.34 increase)

**Water Rates: July 1, 2015 until June 30, 2018: (No rates change for so long due to no cost of living increase)**

Inside City limits (1<sup>st</sup> 2,000 gallons): \$16.44  
Outside City limits (1<sup>st</sup> 2,000 gallons): \$19.29  
Per 1,000 gallons (after 1<sup>st</sup> 2,000 gallons): \$4.99

**Water Rates: July 1, 2014 until June 30, 2015:**

Inside City limits (1<sup>st</sup> 2,000 gallons): \$16.15  
Outside City limits (1<sup>st</sup> 2,000 gallons): \$18.95  
Per 1,000 gallons (after 1<sup>st</sup> 2,000 gallons): \$4.90

**Water Rates: July 1, 2013 until June 30, 2014**

Inside City limits (1<sup>st</sup> 2,000 gallons): \$15.91  
Outside City limits (1<sup>st</sup> 2,000 gallons): \$18.67  
Per 1,000 gallons (after 1<sup>st</sup> 2,000 gallons): \$4.82

**Water Rates: July 1, 2012 until June 30, 2013:**

Inside City limits (1<sup>st</sup> 2,000 gallons): \$15.64  
Outside City limits (1<sup>st</sup> 2,000 gallons): \$18.36  
Per 1,000 gallons (after 1<sup>st</sup> 2,000 gallons): \$4.74



**Michie Water System**  
**Current Fees and 5 Year Fee History:**

**Tap Fee Increase: Effective July 1, 2018**

¾" Meter Tap Fee: \$550 (Increase of \$100)

1" Meter Tap Fee: \$650 (Increase of \$100)

**Current Tap Fee Rate: July 1, 2012 until June 30, 2018**

¾" Meter Tap Fee: \$450

1" Meter Tap Fee: \$550

**Tap Fee Rate: July 1, 2011 until June 30, 2012**

¾" Meter Tap Fee: \$350

1" Meter Tap Fee: \$450

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**Service Fee Rate Increase: Effective July 1, 2018**

During Business Hours Service Charge: \$30 (Increase of \$10)

During Business Hours Reconnect Fee: \$60 (Increase of \$40)

After Business Hours Reconnect Fee: \$100 (Increase of \$50)

**Current Service Fee Rate: July 1, 2012 until June 30, 2018**

During Business Hours: \$20

After Business Hours: \$50

**Service Fee Rate: July 1, 2011 until June 30, 2012**

During Business Hours: \$10

After Business Hours: \$20

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**Current Deposit Rate: July 1, 2012 until June 30, 2018**

Home Owner: \$75

Renter: \$125

**Deposit Rate: July 1, 2010 until June 30, 2012**

Home Owner: \$40

Renter: \$100

**Deposit Rate: July 1, 2003 until June 30, 2010**

Home Owner: \$40

Renter: \$50



1. We sell vacuum breakers, pressure regulators and meter shut off valve tools at the same price we pay plus sales tax. We get this price from the invoices we are sent. We do not make money off of these items, we just recoup our money spent.
2. Our tap fees were determined after we reviewed the invoices of materials it takes to install a new meter. We do not make money off of the tap fees, we just recoup our money spent.
3. The service fees and deposits are determined by the board. Service fees were set at these rates in the hopes that it helps encourage customers to pay their bill before the water is disconnected. The deposits were set at these rates to make sure that there is enough money to cover any outstanding water bills that may be left when the customer moves and to encourage the customer not to move off without paying their water bill so that they can receive their full deposit back. The deposit is refundable when the customer moves and if the water bill is paid in full.
4. We charge a fee of \$25 if a customer's check is returned. This fee applies to the first check returned in a year from the date of the last check returned. If a customer has more than one check returned, within the year of the first returned check, they will have to pay a \$50 returned check fee for each additional check returned. This was put into place by the board.



**Michie Water System**  
**New Customer Forms**

1. New water customer are required to fill out and sign the following documents:
  - New Customer Form (Front and Back): There are 2 places that must be signed.
  - Well User Agreement: There is 1 place that must be signed.
  - Cross Connection Survey: There is 1 place that must be signed.
  
2. New water customers are required to pay in full the water deposit and service fee before services will be turned on.

May 24, 2018

## **MICHIE WATER SYSTEM**

### Issues

You are operating at a net loss for the last two years and have been referred to the State of Tennessee Waste Water Finance Board (WWFB). Rates will need to be adjusted so you will be in compliance. See page 8 for additional information.

Rates have gradually increased starting in 2015. However, this may not be enough to stay ahead of inflation, capital expenditures and routine maintenance.

Cash should be at least 1x operating expenses for one year for best practices. This provides for emergency expenditures and unplanned expenditures. There is sufficient cash for best practices. Please see page 3 for additional information.

While you do not have any debt, this may not always be the case. There may be unexpected repairs or capital expenditures that are required or an emergency could occur. See page 4 for additional information.

### Solution

Rates need to be reviewed every year to provide for future projects, new debt, depreciation and just simple cost of inflation. You indicated that lines have been replaced with the CDBG grant of \$338,725. Depreciation for these lines will be approximately \$8,400 per year. See page 7 for additional information.

We always recommend lowering the minimum usage over time. This has been discussed at the State level to not include free water in the minimum bill, so you would be ahead of the game. This would create a conservation of resources (wear and tear on the system).

The new structured rate increase effective 7/1/18, should raise revenues by approximately \$28,000 each year. This will not be enough to be in compliance with WWFB. We recommend decreasing the minimum bill to include 0 gallons of water. This would increase your revenues by approximately \$18,376 per year. We also recommend raising rates by 7% as shown below. This will increase your revenue by approximately \$64,373. By raising rates to this level, new projects and equipment can be purchased and provide for inflation levels. See page 5-6 for additional information.

	Inside	Outside
Minimum Bill	\$ 18.65	\$ 21.88
Variable bill	\$5.66 / 1,000	\$5.66 / 1,000

It is also suggested to increase rates based on the attached Consumer Price Index (CPI) schedules. (Also attached is a sample of a resolution that can be used to raise rates based on CPI schedules). As expenses automatically increase over time as reflected in an inflation rate or CPI. It is easier to have a small increases every year rather than a large increase in rates all at once.

There also needs to be contingencies for staff replacement issues. Is there a succession plan and an organization chart? Procedures and budgets for hiring, firing and retiring. If someone is retiring, how long would it take to train the new employee before the other employee leaves? This creates temporary double salaries, cost of licensing, benefits, training, etc. There could be a minimum of 6 months dual salary and benefit costs.

Tennessee law has passed a law that will not allow capital contributions in determining net income. Please be aware that capital contributions and grants provided needed cash for new projects and developments. This may not always be the case in the future and plans need to be made to fund future activities. Please refer to TCA Code 7-82-401.

Tennessee law also states that members of Municipal boards shall attend a minimum of 12 hours of training and continuing education within the first year of initial election or re-election and 12 hours every three years after that. Records must be kept and there are stiff penalties for not doing this. Please refer to TCA Code 7-34-115.

Please let us know of questions and thoughts including the consumer price index information.

Thank you,

Mark L. Butler  
Melanie Sain

**MICHIE WATER SYSTEM**

**SUMMARY OF CURRENT RATES**

	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>Proposed for 7/1/18</u>
<b><u>Inside City Limits</u></b>					
Minimum Bill - First 2,000 Gallons	\$15.91	\$15.91	\$16.44	\$16.44	\$17.43
Over 2,000 Gallons	\$4.82 / 1,000 gallons	\$4.82 / 1,000 gallons	\$4.99 / 1,000 gallons	\$4.99 / 1,000 gallons	\$5.29 / 1,000 gallons
<b><u>Outside City Limits</u></b>					
Minimum Bill - First 2,000 Gallons	\$18.67	\$18.67	\$19.29	\$19.29	\$20.45
Over 2,000 Gallons	\$4.82 / 1,000 gallons	\$4.82 / 1,000 gallons	\$4.99 / 1,000 gallons	\$4.99 / 1,000 gallons	\$5.29 / 1,000 gallons
Water # of Customers	<b>1024</b>	<b>1069</b>	<b>1029</b>	<b>1045</b>	<b>1030</b>

<b><u>REVENUE THAT SHOULD BE GENERATED UNDER CURRENT RATES</u></b>	<b><u># of Gallons</u></b>	<b><u>Amount</u></b>
<b><u>Inside</u></b>		
Minimum Bill (334 customers x \$16.44 x 12 months)	1,133,343	65,891.52
Variable bill (17,104,687/1000 x \$4.99)	<u>17,104,687</u>	<u>85,352.39</u>
	18,238,030	151,243.91
<b><u>Outside</u></b>		
Minimum Bill (696 customers x \$19.29 x 12 months)	2,408,353	161,110.08
Variable bill (33,469,373/1000 x \$4.99)	<u>33,469,373</u>	<u>167,012.17</u>
	35,877,726	328,122.25
<b>TOTAL</b>	<b>54,115,756</b>	<b>479,366.16</b>

<b><u>REVENUE THAT SHOULD BE GENERATED UNDER NEW RATES EFFECTIVE 7/1/18</u></b>	<b><u># of Gallons</u></b>	<b><u>Amount</u></b>
<b><u>Inside</u></b>		
Minimum Bill (334 customers x \$17.43 x 12 months)	1,133,343	69,859.44
Variable bill (17,104,687/1000 x \$5.29)	<u>17,104,687</u>	<u>90,483.79</u>
	18,238,030	160,343.23
<b><u>Outside</u></b>		
Minimum Bill (696 customers x \$20.45 x 12 months)	2,408,353	170,798.40
Variable bill (33,469,373/1000 x \$5.29)	<u>33,469,373</u>	<u>177,052.98</u>
	35,877,726	347,851.38
<b>TOTAL</b>	<b>54,115,756</b>	<b>508,194.62</b>

28,828.46 INCREASE

<b>REVENUE THAT SHOULD BE GENERATED IF RATES RAISED 5%</b>		
	<u># of Gallons</u>	<u>Amount</u>
<b>Inside</b>		
Minimum Bill (334 customers x \$18.30 x 12 months)	1,133,343	73,346.40
Variable bill (17,104,687/1000 x \$5.55)	17,104,687	94,931.01
	<hr/>	<hr/>
	18,238,030	168,277.41
<b>Outside</b>		
Minimum Bill (696 customers x \$21.47 x 12 months)	2,408,353	179,317.44
Variable bill (33,469,373/1000 x \$5.55)	33,469,373	185,755.02
	<hr/>	<hr/>
	35,877,726	365,072.46
	<hr/>	<hr/>
TOTAL	54,115,756	533,349.87

53,983.71 INCREASE

<b>REVENUE THAT SHOULD BE GENERATED IF RATES RAISED 7%</b>		
	<u># of Gallons</u>	<u>Amount</u>
<b>Inside</b>		
Minimum Bill (334 customers x \$18.65 x 12 months)	1,133,343	74,749.20
Variable bill (17,104,687/1000 x \$5.66)	17,104,687	96,812.53
	<hr/>	<hr/>
	18,238,030	171,561.73
<b>Outside</b>		
Minimum Bill (696 customers x \$21.88 x 12 months)	2,408,353	182,741.76
Variable bill (33,469,373/1000 x \$5.66)	33,469,373	189,436.65
	<hr/>	<hr/>
	35,877,726	372,178.41
	<hr/>	<hr/>
TOTAL	54,115,756	543,740.14

64,373.98 INCREASE

<b>IF 0 GALLONS WERE INCLUDED IN MINIMUM BILL</b>		
	<u># of Gallons</u>	<u>Amount</u>
Additional Revenue Generated (inside of 1,133,343 + outside of 2,408,353)		
(3,541,696/1000 x \$5.29)	3,541,696	\$ 18,736 additional revenue per year



**COUNCIL MEETING MINUTES  
CITY OF MICHIE**

**REGULAR MEETING OF THE COUNCIL OF MICHIE, TENNESSEE HELD ON June 25th, 2018, AT 6:00 P.M. AT CITY HALL.**

Mayor Anthony Smith was present and presiding, along with Alderman Dunn, Alderman Buddy Poindexter. Alderman Jed Baker & Alderman Jay Poindexter were absent, also in attendance was Mr. James Roach, Attorney Terry Wood, Samantha Denton and Janice Durbin. Mayor Anthony Smith began with the prayer followed by the pledge of allegiance.

**MINUTES**

The minutes of the May 28th, 2018 meeting were read and approved as written. Motion was made by Alderman Dunn to accept the minutes as read, seconded by Alderman Buddy Poindexter and motion carried unanimously.

**OLD BUSINESS**

The board reviewed all financial reports, invoices, bank statements and water reports.

**NEW BUSINESS**

Water customer (James Roach) was present to discuss the high usage on his June 2018 water bill. He stated that there was no way he could use that much water (32,620) gallons in a month's time and that he did not feel that he should have to pay it although our water guys had been out to his house 4 or 5 times and the meter was not running. The board stated that we have a water adjustment policy and that the only thing we could do would be to adjust half of his bill (\$188.00) and set up the balance of \$94.00 on payments since he was on a fixed income. He had previously come in and paid \$21.07 on 6/14/18 with the balance of \$72.93 to be set up on payments. He then stated that he would be in on July 3<sup>rd</sup> to pay it all off at the same time.

It was brought to the board attention by Janice Durbin that the Michie Tavern has had several complaints regarding children being in the building during open business hours. Janice will send a copy of the City's Beer Ordinance to attorney Terry Wood to look over and he will get back with us as to what direction we should take.

Alderman Dunn made a motion to except the attached 2017-2018 Reclassifications from the VFD Fundraiser expense account to the correct line item expense account. Motion was seconded by Alderman Buddy Poindexter and motion carried unanimously.

Alderman Dunn made a motion to accept the following water rate changes to be effective July 1<sup>st</sup>, 2018, seconded by Alderman Buddy Poindexter and motion carried unanimously:

- **Service charges during regular business hours** currently at \$20.00 will increase by \$10.00 for a total of **\$30.00**.
- **Reconnection fees during regular business hours** currently at \$20.00 will increase by \$40.00 for a total of **\$60.00**.
- **Reconnection fees after business hours** currently at \$50.00 will increase by \$50.00 for a total of **\$100.00**.
- **¾" Tap Fees** currently at \$450.00 will increase by \$100.00 for a total of **\$550.00**.
- **1" Tap Fees** currently at \$550.00 will increase by \$100.00 for a total of **\$650.00**.

Alderman Dunn made a motion to accept **the attached Water Rate Change Policy and the Water Cut off Policy**, to become effective July 1, 2018 seconded by Alderman Buddy Poindexter and motion carried unanimously.

Alderman Dunn made a motion to increase the water rates for the 2018-2019 physical years by **7%** due to the Water Financial Board, seconded by Alderman Buddy Poindexter and motion carried unanimously.

Motion was made by Alderman Buddy Poindexter to accept the 3<sup>rd</sup> & final reading of the 2018-2019 Budget, seconded by Alderman Dunn and motion carried unanimously.

### ADJOURNMENT

There being no further business, the motion to adjourn was made by Alderman Buddy Poindexter and seconded by Alderman John Dunn. Motion carried unanimously and the meeting was adjourned at 7:08

---

Recorder

---

Mayor



**Rate Change Policy: Effective July 1, 2018**

The water bill rates will increase with the annual cost of living increase. In the years where there is less than a 1% cost of living increase or no cost of living increase at all, the water bill rates will automatically increase by 1%. If there is a cost of living increase of more than 1% the water bill rates will increase by the amount of the cost of living increase.

This policy has been read and approved by:

Water Supervisor: *Roger L. Jenkins*

Roger Jenkins

Mayor: *Anthony Smith*

Anthony Smith

Vice Mayor: *Jed Baker*

Jed Baker

Alderman: *John R. Dunn*

John Dunn

Alderman: *Michael Poindexter*

Michael Poindexter

Alderman: *Jay*

Jay Poindexter



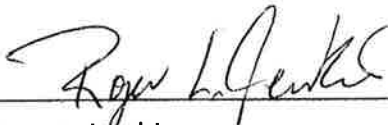
## **Leak Adjustment Policy:**


Effective Date: October 26, 2011


### **The Michie Water System water leak adjustment policy is as follows:**

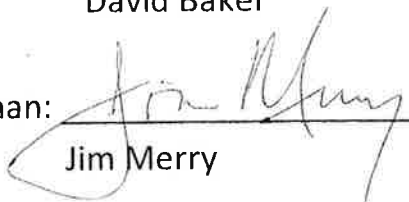
- ◆ Customer must live at the residence of the address they are requesting a water leak adjustment for no less than 6 consecutive months.
- ◆ Customer can only have 1 adjustment 12 months from the date of their last adjustment.
- ◆ Customer must provide receipts as proof that they have repaired the water leak before they are able to receive an adjustment for the water leak.
- ◆ They will receive an adjustment for half of what the high water bill is. Example if the water bill is \$100.69 the adjusted total will be \$50.34.
- ◆ If the water bill is more than what the customer is able to pay all at once, they can set up payment arrangements. The payment arrangements will be 2 payments of what that month current bill is until the bill is paid in full. As long as the customer makes their payment before the 15<sup>th</sup> of each month they will not be charged a late fee. If they have not paid the bill by the 20<sup>th</sup> of the month, the customer will be disconnected. Once disconnected the customer will have to pay the 2 months water bill plus a reconnection fee.

This policy has been read and approved by:

Water Supervisor:   
Roger Jenkins

Mayor:   
Mike Glisson

Vice Mayor:   
David Baker

Alderman:   
Jim Merry

Alderman:   
Jed Baker

Alderman:   
Brandon Nabors



**Current Water Rates: Effective July 1, 2018**

Inside City Limits (1st 2,000 gallons): \$17.59

Outside City Limits (1st 2,000 gallons): \$20.64

Per 1,000 gallons (after 1st 2,000 gallons): \$5.33



## **Fees: Effective July 1, 2018**

### **Tap Fee Rate:**

$\frac{3}{4}$ " Meter Tap Fee: \$550

1" Meter Tap Fee: \$650

### **Deposit Rate:**

Home Owner: \$75

Renter: \$125

### **Service Fee Rate:**

During Business Hours: \$30

Reconnect Fee: \$60

After Business Hours: \$100

### **Return Check Fee:**

\$25.00 per check (1st check returned in a calendar year)

\$50.00 per check (2 or more returned in a calendar year)

**\*\*\* additional fee may apply if you paid with an electronic check\*\*\***

**Pressure Regulator: \$59.97** (Pressure Regulator \$54.89 plus \$5.08 Tax)

**Vacuum Breaker: \$6.85** (Vacuum Breaker \$6.27 plus \$.58 Tax)

**Meter Cut Off Tool: \$21.85** (Meter Cut Off Tool \$20.00 plus \$1.85 Tax)

**WATER & SEWER FUND**

	Actual FY 2017	Estimated Actual FY 2018	Budget FY 2019
<b>Cash Receipts</b>			
Water Sales	\$ 395,296	\$ 380,000	\$ 420,510
Tap Fees	3,250	4,800	3,850
Miscellaneous Other Fees	12,233	11,825	14,080
Grant Proceeds	17,033	360,719	-
<b>Total Cash Receipts</b>	<b>\$ 427,812</b>	<b>\$ 757,344</b>	<b>\$ 438,440</b>
<b>Appropriations</b>			
Administrative Department	\$ 145,097	\$ 133,338	\$ 122,210
Water Department	341,965	677,338	312,390
<b>Total Appropriations</b>	<b>\$ 487,062</b>	<b>\$ 810,676</b>	<b>\$ 434,600</b>
<b>Change in Cash (Receipts - Appropriations)</b>	<b>(59,250)</b>	<b>(53,332)</b>	<b>3,840</b>
<b>Beginning Cash Balance July 1 (Adj. to Reflect Diff. Acct. Methods)</b>	<b>256,260</b>	<b>197,010</b>	<b>143,678</b>
<b>Ending Cash Balance June 30</b>	<b>\$ 197,010</b>	<b>\$ 143,678</b>	<b>\$ 147,518</b>
<b>Ending Cash as a % of Total Cash Payments/Appropriations</b>	<b>40.4%</b>	<b>17.7%</b>	<b>33.9%</b>

SECTION 2: At the end of the fiscal year 2018, the governing body estimates fund balances or deficits as follows:

Fund	Estimated Fund Balance at June 30, 2018
General Fund	\$ 160,293
State Street Street Aid Fund	\$ 84,202
Water & Sewer Fund	\$ 2,038,322

SECTION 3: That the governing body herein certifies that the condition of its sinking funds, if applicable, are compliant pursuant to its bond covenants, and recognizes that the municipality has outstanding bonded and other indebtedness as follows:

Bonded or Other Indebtedness	Debt Authorized and Unissued	Principal Outstanding at June 30, 2018	FY2019 Principal Payment	FY2019 Interest Payment
N/A				



**ANNUAL BUDGET**  
**City of Michie, Tennessee**  
**2018-2019**

<b>WATER FUND</b>				
<b>Account Number</b>	<b>Description</b>	<b>Prior Year Actual 2016-2017</b>	<b>Estimated 2017-2018</b>	<b>Budget 2018-2019</b>
<b>300</b>	<b>REVENUE</b>			
000	Water Sales	395,296	380,000	420,510
100	Penalties	7,256	8,000	8,000
110	Reconnections	3,420	2,500	5,130
111	Service Charges-New Cust. & Late Not.			
112	Reconnections-After Hours			
120	Interest/Bank statements & CD's		325	400
130	Misc.	665	250	550
140	Convenience Fees	892	750	0
150	Tap Fees	3,250	4,800	3,850
200	Gain on sale/disposal of fixed assets	0	0	0
300-160	CDBG Water Plant Upgrade	17,033	360,719	0
	<b>Total Operating Rev.</b>	<b>\$427,812</b>	<b>\$757,344</b>	<b>\$438,440</b>
	<b>Est. beginning bal 6/30</b>			
	<b>TOTAL FUNDS AVAIL.</b>			
<b>400</b>	<b>EXPENSES</b>			
111	Salaries	129,787	119,151	109,285
141	SS Taxes	8,047	7,387	6,807
142	Medicare	1,882	1,728	1,541
144	Retirement IRA	3,894	3,572	3,027
147	Unemployment Insurance	737	750	800
150	Contract Labor - T. Wood	750	750	750
200	Licenses & Fees	4,086	4,603	4,000
231	Public Notices	309	381	0
241	Electric	32,770	31,000	34,000
242	Telephone	2,737	3,500	3,700
244	Propane	320	525	450
250	Water Usage	204	210	200
253	Professional Service	4,125	4,125	4,150
257	Water Testing	1,758	1,900	3,000
260	Repair & Maintenance	98,576	102,000	76,000
300	Uniforms	695	776	410
330	Office Supplies	9,105	10,000	9,500
331	Operating Supplies	41,003	35,000	41,500
332	Debit Card Fees	1,849	1,900	480
400	Travel/Training	2,412	1,285	1,000
510	Insurance	17,558	15,914	16,000
512	Insurance – Employee	21,857	18,000	18,000

538	Depreciation	85,568	85,500	100,000
166-105	Construction in Progress	17,033	360,719	0
	<b>Total Operating Expenses</b>	<b>\$487,062</b>	<b>\$810,676</b>	<b>\$434,600</b>

# Mitchellville



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: Town of Mitchellville**

**Staff Summary:**

On March 29, 2018, the Board voted to order Mitchellville to comply with the following:

- 1. The Town shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:**
  - a. A review of sewer fees and actual cost of treatment;
  - b. A review of tap fees and actual cost of installation;
  - c. A review of the Town's capitalization policy;
  - d. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs);
  - e. Creation of a debt management policy;
  - f. A review of the capital asset list; and
  - g. A review of the feasibility of merging with Portland.
- 2. The Town shall provide an update to Board staff with the completed rate study, policy recommendations, five-year capital asset budget, recommendation(s) regarding the feasibility of a merger with Portland and an implemented or proposed plan of action by August 31, 2018.**

The Town brought in MTAS to perform a rate study and has replied to all directives in the order (attached).

**Staff Recommendation:**

Order the Town to do the following:

- 1. The Town shall send financial updates to Board staff by March 1 and September 1 of each year, beginning March 1, 2019, until the Board releases the Town from its oversight.**



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 16, 2018

The Honorable Bobby Worman  
Town of Mitchellville  
P.O. Box 13  
Mitchellville, TN 37119

Dear Mayor Worman,

The Town's financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "John Greer", is written over a faint, stylized graphic element.

John Greer  
Technical Secretary

Enclosure  
cc: (w/o encl.) Ms. Barbara Canida



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BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD

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IN THE MATTER OF:

T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
TOWN OF MITCHELLVILLE

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ORDER

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Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the Town of Mitchellville (the "Town"). Based on the deficiencies in the Town's wastewater fund, the Board directs the Town to comply with the following corrective action plan:

1. The Town shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:
  - a. A review of sewer fees and actual cost of treatment;
  - b. A review of tap fees and actual cost of installation;
  - c. A review of the Town's capitalization policy;
  - d. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs);
  - e. Creation of a debt management policy;
  - f. A review of the capital asset list; and
  - g. A review of the feasibility of merging with Portland.
2. The Town shall provide an update to Board staff with the completed rate study, policy recommendations, five-year capital asset budget, recommendation(s) regarding the feasibility of a merger with Portland and an implemented or proposed plan of action by August 31, 2018.

Entered this 17<sup>th</sup> day of April 2018.

Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

Ann Butterworth, Chair  
Water and Wastewater Financing Board  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

Re: Order Financial Distress

Dear Board:

Please accept this as our response to your Order dated April 17, 2018. Your Order asked us to perform certain tasks for your review.

1a. We have requested assistance from MTAS in performing a rate study. We requested this assistance but have not received the rate study. We expect this rate study very soon and after review will forward this information to you.

1b. Tap fees are not a significant revenue or cost to the system as there is very little growth in the area. No such amounts in the last year.

1c. The capitalization policy is adequate based on our size and capital purchases (minimal).

1d. We have created a five-year capital budget. There are no amounts need at the current time or in the foreseeable future as the plant has been well maintained, we have no anticipated future (five year) needs. It should be noted that all future significant capital needs would come from the one significant customer (IIUD assisted retirement center). They have supplied all significant capital needs from the start of the sewer system.

1e. We are working to approve the debt management policy. We expect no future borrowings in the next ten years.

1f. The capital asset list is very small. WE have reviewed the listing. No additions or deletions were needed.

1g. We have reviewed and discussed the possibility of mergers with nearby entities. There is no interest from these entities. Remember we are in a remote area with very little possibility for growth.

2. Also see our latest audited financials page 18-20. We showed a surplus in net assets and Increase in cash flow for the year ended June 30, 2018

Thanks for your consideration of these items,

*Bobby Worman, Mayor*  
Mayor Bobby Worman.



**Town of Mitchellville**  
**Sanitary Sewer Collection**  
**System Review**  
**August, 2018**

The Town of Mitchellville asked MTAS to provide a rate review of the sanitary sewer collection system.

Assumptions MTAS used in the projections:

- Natural growth in Revenue was projected at 1% per year
- Expenses increases 1% per year

**Exhibit A:**

This spreadsheet shows audit data from 2013 through 2017, a preliminary estimate for the year ending June 30, 2018 and projections through the year ending June 30, 2022. The projections show Mitchellville having positive Operating Income, Change in Net Position, and Ending cash each year.

It was noted that the Sewer Fund owed the General Fund \$21,341 as of the 2017 Annual Audit. In Fiscal Year 2018, according to the preliminary 2018 Audit the Town has re-paid \$3,100 of that amount. Going forward the City needs to pay the General Fund the remaining funds with interest of 1% annually over the next four (4) years.

Original Sum =	\$21,341
Plus Interest =	\$213.41
Less FY 2018 Payment =	\$3,100
FY 2019 Balance =	\$18,454.40
Plus Interest =	\$184.54
Less FY 2019 Payment =	\$4,660
FY 2020 Balance =	\$13,609.86
FY 2020 Interest =	\$136.10
FY 2020 Payment =	\$4,660
FY 2021 Balance =	\$9085.96
FY 2021 Interest =	\$90.86
FY 2021 Payment =	\$4660
FY 2022 Balance =	\$4515.82
FY 2022 Interest =	\$45.16
FY 2022 Payment =	\$4560.98

The projections show Mitchellville producing a positive change in net position under the assumptions used for Revenues and Expenditures through 2022.

Given the most recent rate increase that became effective in December of 2016, the Town of Mitchellville has seen substantial growth in revenues from an annual average approaching \$40,500 dollars to \$64,665 dollars when the increase was fully in place for a single fiscal year. With continued cost controls in place MTAS is confident in the projections for Revenues and Expenditures through the FY 2022.

If the conditions of this review are correct MTAS does not believe that any additional rate increases are necessary at this time. If conditions change, additional rate increases may be necessary.

Sincerely,

Gary W. Jaeckel  
Municipal Management Consultant

## Exhibit A

City of Mitchellville - Sewer Review August 2018												
		Audit	Audit	Audit	Audit	Audit	Audit	Projected	Projected	Projected	Projected	
		2012/13	2013/14	2014/15	2015/16	2016/2017	2017/2018	2018/19	2019/20	2020/2021	2021/2022	
<b>REVENUES</b>												
Sewer Revenue	0	\$41,077	\$40,812	\$38,546	\$41,398	\$55,913	\$64,665	\$65,200	\$65,800	\$66,400	\$67,000	
Sewer - New Revenue								\$0	\$0			0
Other					0			0	0			0
<b>Totsal Operating Revenues</b>		<b>\$41,077</b>	<b>\$40,812</b>	<b>\$38,546</b>	<b>\$41,398</b>	<b>\$55,913</b>	<b>\$64,665</b>	<b>\$65,200</b>	<b>\$65,800</b>	<b>\$66,400</b>	<b>\$67,000</b>	
-												
Operating Expenses - Sewer		\$27,676	\$31,982	\$29,544	\$54,864	\$51,903	\$43,791	\$44,200	\$44,600	\$45,000	\$45,400	
Depreciation - Sewer		\$17,112	\$17,112	\$17,112	\$17,112	\$17,111	\$17,111	\$17,111	\$17,111	\$17,111	\$17,111	
<b>Total Operating Expenses</b>		<b>\$44,788</b>	<b>\$49,094</b>	<b>\$46,656</b>	<b>\$71,976</b>	<b>\$69,014</b>	<b>\$60,902</b>	<b>\$61,311</b>	<b>\$61,711</b>	<b>\$62,111</b>	<b>\$62,511</b>	
Operating Income(Loss)		(\$3,711)	(\$8,282)	(\$8,110)	(\$30,578)	(\$13,101)	\$3,763	\$3,889	\$4,089	\$4,289	\$4,489	
<b>Nonoperating Revenue (Expenses)</b>												
Interest Income					63	61	72	72	72	72	72	72
Interest Expense		(4,169)	(4,105)	(4,038)	(3,874)	(3,797)	(3,711)	(3,738)	(3,655)	(3,568)	(3,477)	
<b>Total Nonoperating Revenue (Exp)</b>		<b>(4,169)</b>	<b>(4,105)</b>	<b>(4,038)</b>	<b>(3,811)</b>	<b>(3,736)</b>	<b>(3,639)</b>	<b>(3,666)</b>	<b>(3,583)</b>	<b>(3,496)</b>	<b>(3,405)</b>	
<b>Change in Net Position</b>		<b>(\$7,880)</b>	<b>(\$12,387)</b>	<b>(\$12,148)</b>	<b>(\$34,389)</b>	<b>(\$16,837)</b>	<b>\$124</b>	<b>\$223</b>	<b>\$506</b>	<b>\$793</b>	<b>\$1,084</b>	
<b>Net Cash Flow:</b>												
<b>Net Change - Position</b>		<b>(\$7,880)</b>	<b>(\$12,387)</b>	<b>(12,148)</b>	<b>(34,389)</b>	<b>(16,837)</b>	<b>124</b>	<b>222</b>	<b>305</b>	<b>392</b>	<b>(17)</b>	
add: De's		\$17,112	\$17,112	17,112	17,112	17,111	17,111	17,111	17,111	17,111	17,111	
<b>Cash Avaialble</b>		<b>9,232</b>	<b>4,725</b>	<b>4,964</b>	<b>(17,277)</b>	<b>274</b>	<b>17,235</b>	<b>17,333</b>	<b>17,416</b>	<b>17,503</b>	<b>17,094</b>	
Debt Principal		\$1,471	\$1,535	1,602	1,673	1,822	1,822	1,902	1,985	2,072	2,163	
Debt Prin. - new debt				0	0		0	0	0	0	0	
Due To General Fund		\$0	\$0	0	0		3,100	4,660	4,660	4,660	4,561	
<b>Ending Cash:</b>		<b>7,761</b>	<b>3,190</b>	<b>3,362</b>	<b>(18,950)</b>	<b>(1,548)</b>	<b>12,313</b>	<b>10,771</b>	<b>10,771</b>	<b>10,771</b>	<b>10,370</b>	

# Mountain City



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: Town of Mountain City**

**Staff Summary:**

On March 29, 2018, the Board voted to order Oneida to comply with the following:

1. **The Town shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:**
  - a. **A review of tap fees and the actual cost of installation;**
  - b. **A review of the actual cost of service to customers outside the Town limits and justification for the higher rates;**
  - c. **Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs); and**
  - d. **A review of the leak adjustment policy.**
2. **The Town shall provide an update to Board staff with the completed rate study, five-year capital asset budget, policy and other recommendations and an implemented or proposed plan of action by August 31, 2018.**

The Town has failed to submit any information.

**Staff Recommendation:**

Order the following:

1. The Town shall comply with all directives of the Board order dated April 17, 2018 by January 31, 2019.
2. If the Town fails to comply with this order, Board staff shall refer the case to the Attorney General's Office to pursue enforcement proceedings.



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 16, 2018

Shelia Shaw  
Mountain City Water System  
210 S. Church St.  
Mountain City, TN 37683

Dear Ms. Shaw,

Mountain City Water System's financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

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

Sincerely,

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

John Greer  
Technical Secretary

Enclosure

cc: (w/o encl.) The Honorable Kevin Parsons



**BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD**

**IN THE MATTER OF:**

**T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
TOWN OF MOUNTAIN CITY**

**ORDER**

Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the Town of Mountain City (the "Town"). Based on the deficiencies in the Town's water and wastewater fund, the Board directs the Town to comply with the following corrective action plan:

1. The Town shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:
  - a. A review of tap fees and the actual cost of installation;
  - b. A review of the actual cost of service to customers outside the Town limits and justification for the higher rates;
  - c. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs); and
  - d. A review of the leak adjustment policy.
2. The Town shall provide an update to Board staff with the completed rate study, five-year capital asset budget, policy and other recommendations and an implemented or proposed plan of action by August 31, 2018.

Entered this 17<sup>th</sup> day of April 2018.

Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

Mayor  
KEVIN D. PARSONS

Aldermen  
BUD CROSSWHITE  
KENNY ICENHOUR  
JERRY JORDAN  
BOB MORRISON

SHEILA SHAW  
City Recorder

GARY PHILLIPS  
Public Works Director



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

ANDY GARLAND  
Water Plants Manager

CHRIS HOOK  
Collection-Distribution  
Superintendent

FLO BELLAMY  
Parks & Recreation  
Director

DENVER CHURCH  
Chief of Police

GARY STOUT  
Fire Chief

DANNY SIMS  
Wastewater Plant  
Manager

August 30, 2018

Tennessee Comptroller of the Treasury  
Division of Administration  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, TN 37243-3400

RE: Water and Wastewater Financing Board Order

Dear Mr. Greer:

This letter is in reference to the order we received dated April 17, 2018 from the Water and Wastewater Financing Board. The order stated we were to have a proposed plan of action to you by August 31, 2018.

The Municipal Technical Advisory Service is in the process of performing a rate study for the Town and that study is not complete. We anticipate all the information will be available and the Board will discuss these issues and make some decision at the October city council meeting. Due to the rate study not yet being complete, I respectfully ask for an extension of our deadline.

Sincerely,

Sheila Shaw  
City Recorder

/ss



agency. Photo by Marlana Ward

**By Marlana Ward**  
**Freelance Writer**

The October meeting of the Mountain City Board of Mayor and Aldermen saw much discussion and some disagreement as the group addressed proposed raising and lowering of water and sewer rates as recommended in a report from a state agency. The State of Tennessee is requesting changes after recent audits found the utility to be operating at a deficit.

In an interview after the council meeting, City Recorder Sheila Shaw explained how the state came to be involved with the utility rate situation: "If during an audit it is found that we are operating in the red for two years in a row, the Water/Wastewater Finance Board meet and tell us what to do, she said. "That happened. We are under an order stating that we would have a rate study done and that we will look at tap fees and rate changes. MTAS did the rate study and gave us their new recommendations. They gave what they thought fees and rates should be to bring finances back to black."

The rate changes proposed by the Municipal Technical Advisory Service (MTAS) included the following:

- Inside City Water Minimum Rate of \$11.00 for up to 2,000 gallons. An increase of \$0.93.
- Inside City Over 2,000 gallons rate of \$5.00 per thousand. An increase of at least \$0.35 per thousand gallons.
- Outside City Water Minimum Rate of \$22.00 for up to 2,500 gallons. A decrease of \$7.40
- Outside City Water Over 2,000 gallons rate of \$7.00 per thousand. An increase of at least \$1.70 per thousand gallons.
- City Sewer Rate of \$8.00 for up to 2,000 gallons. An increase of \$1.75.
- Outside Sewer Rate of \$16.00. An increase of \$2.00.

When asked about the seriousness of a state order of this type, Shaw stated, "We have been under an order in the past. They tell you what to do, and you do it, or they come in, and they do it for you. They have that authority."

During the council meeting, City Mayor Kevin Parsons was the first and most vocal about opposing the increase of rates for city residents. "I think we could save money elsewhere," he

stated.

Alderman Jerry Jordan shared how he initially was against any rate changes but had seen some benefit to the commercial side of the proposal. "I was completely against this until the financial workshop and saw that big businesses are going to have to start paying," Jordan said. "They have simplified the rates."

Shaw echoed that by adding, "People that use more water will pay more."

Jordan expressed that while he understood customers would not like the new rates, it was necessary as rates had not changed in several years.

"No one likes an increase, but we have to use common sense. We cannot pay employees more and have our equipment and not raise rates."

Alderman Bob Morrison wanted to be very clear with the public as to why the board was considering these changes, "We are doing this because the state has told us we were operating in the red and we have to correct that."

Mayor Parsons reiterated his resistance to raising city resident rates. "The only way I will support this is if no increase is given to people inside the town."

"Those in the city should have a little edge," agreed Alderman Jordan. "Those that pay property tax and city tax should get some benefit."

Mayor Parsons requested the ordinance discussion be tabled for further discussion next month after expenses could be reviewed in other areas to avoid raising rates. Shaw reminded the group that she had already requested an extension of the state order to allow for the study to be completed and she had to provide the state with an answer following the October Council meeting.

Alderman Jerry Jordan made the motion to approve the first reading of the ordinance with the condition that the proposed minimum rate increase of \$0.93 be placed on the outside of city customers rather than city customers. A vote was taken with Mayor Parsons voting no but Aldermen Crosswhite, Icenhour, Jordan, and Morrison voting yes. The motion carried, and the ordinance will be presented for the second reading and public hearing at the next City Council meeting on November 13.

Following the meeting, Mayor Kevin Parsons offered the following statement regarding his stance on the MTAS proposal: "I strongly oppose the water and sewer rate adjustments the city council

approved as it produces higher water bills for city residents. This recommendation to us came from a state agency because they did not like our current rate structure, which does take into consideration that if it costs less to provide a product for a customer based on where they live then they should pay less. Common sense reasons that maintaining water distribution lines that are closer to the water source, which include city customers, cost less than say Butler or Dry Run, customers. We have county water customers because this same state agency forced the town to take over these old water systems including Pleasant Valley Utility, Dry Run Utility, and others because they were unable to continue operating. Many feels, part of the intent of living in town was to have access to an affordable public water supply making up for paying more property taxes than those living in the county. It would be nice to see a mandate coming from this or any state agency that recommends cost-cutting options over rate increases. As usual, I see this as another state mandate that puts more burdens on customers of cities, counties and many businesses all across Tennessee and I am not for it.”

Mountain City Council will hold its next scheduled meeting on Tuesday, November 6, 2018.



October 10, 2018



## WEEKLY POLL

Are you enjoying the cartoons on The Tomahawk's 'Opinion' page?

Yes

No

# Munford



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

**Case: Munford**

**Staff Summary:**

Munford has been referred for financial distress.

CITY OF MUNFORD			
HISTORY FILE			
	Audited	Audited	Audited
Fiscal Year 6/30	2015	2016	2017
Water/Sewer revenues	\$ 1,716,860	\$ 1,634,970	\$ 1,662,810
Other revenues	\$ 229,188	\$ 120,727	\$ 124,186
<b>Total Operating Revenues</b>	<b>\$ 1,946,048</b>	<b>\$ 1,755,697</b>	<b>\$ 1,786,996</b>
<b>Total Operating Expenses</b>	<b>\$ (1,823,115)</b>	<b>\$ (1,907,910)</b>	<b>\$ (1,899,020)</b>
Operating Income	\$ 122,933	\$ (152,213)	\$ (112,024)
Interest Income (expense)	\$ (81,316)	\$ (74,685)	\$ (62,835)
Grant/Capital Cont.	\$ -	\$ -	\$ 19,060
<b>Change in Net Position</b>	<b>\$ 41,617</b>	<b>\$ (226,898)</b>	<b>\$ (155,799)</b>

The City manager performed a rate study and rates were increased in July 2017 (attached). The City is projecting to show a positive change in net position in fiscal year 2018.

**Staff Recommendation:**

Order the following:

- 1. The City shall send financial updates to Board staff by March 1 and September 1 of each year, beginning March 1, 2019, until the Board releases the City from its oversight.**



City of Munford, Tennessee  
1397 Munford Avenue  
Munford, TN 38058  
City Hall (901) 837-0171  
[www.munford.com](http://www.munford.com)  
Dwayne Cole, Mayor

---

April 3, 2018

John Greer  
State of Tennessee Water and Wastewater Financing Board  
Suite 1500 James K. Polk State Office Building  
505 Deaderick Street  
Nashville, TN 37243-1402

**SUBJECT:** WWFB Financial Questionnaire

Dear Mr. Greer:

I'm writing to provide responses to the WWFB Financial Questionnaire you recently sent us. Attached are the following items and exhibits:

1. Five-year history of water and sewer rates, attached as Exhibit A. The last three rate increases occurred in November 2004, July 2014 and July 2017. A few points of note:
  - a) In addition to water/sewer services for Munford residential and commercial accounts, the City sells bulk water to the Town of Atoka.
  - b) Exhibit A includes: (1) the 2014 MTAS Water Rates Study by Steve Wyatt, and (2) the 2017 Water Rates Study by City Manager Peter Colin (formerly a water resources consulting engineer and State of Minnesota Division of Waters engineer). Both studies led to rate increases.

In addition, Munford operates a wastewater treatment facility that serves the municipalities of Munford, Brighton and Atoka under a 1989 tri-party agreement. A copy of that agreement is included for your review. This agreement was written before the period of rapid population growth in Atoka and Brighton that began in year 2000. As a result, this treatment facility now supports more than half of Tipton County's residents.

- c) Five-year history of our rates for all utility fees. See Exhibit B.
- d) Current customer contract for new services accounts. See Exhibit C.
- e) Current Balance Sheet and Income Statement. See Exhibit D.



City of Munford, Tennessee

1397 Munford Avenue

Munford, TN 38058

City Hall (901) 837-0171

[www.munford.com](http://www.munford.com)

Dwayne Cole, Mayor

---

f) Debt Management Policy. See Exhibit E.

g) Capitalization Policy. See Exhibit F.

Please feel free to contact City Recorder Sherry Yelvington or City Manager Peter Colin if you have any questions.

Thanks very much and best regards,

Dwayne Cole  
Mayor

Enclosures

**EXHIBIT A: Five-year rate history for Water and Sewer**



**EXHIBIT A: CITY OF MUNFORD WATER / SEWER RATE HISTORY**

Background: Munford’s Water/Sewer utility raised its rates three times in the past 14 years: in Nov. 2014, in July 2014 and July 2017. These increases applied to water rates inside and outside Munford city limits, and sewer rates inside Munford city limits.

Note: rates for residential and commercial customers are the same with the exception of: (1) bulk water sales to the Town of Atoka, and (2) wastewater treatment fees charged to the towns of Brighton and Atoka under a 1989 tri-party agreement between the three municipalities.

Also noteworthy, in 2008 the Town of Atoka created its own water and sewer utility, thereby taking more than 50% of Munford’s residential customer base and a significant portion of its commercial customer base.

Here is a summarization of the three most recent rate increases by “dollar rate” per service:

WATER	Nov 2004	July 2014	July 2017
Inside Base Rate	\$ 6.00	\$ 7.14	\$ 8.57
Usage per 1,000 gal over Base Quantity	\$ 1.75	\$ 2.08	\$ 2.60
Base Quantity includes	2,000 gal	1,000 gal	1,000 gal
Outside Base Rate	\$ 9.00	\$ 10.71	\$ 13.39
Usage per 1,000 gal over Base Quantity	\$ 2.40	\$ 2.86	\$ 3.72
Base Quantity includes	2,000 gal	1,000 gal	1,000 gal

SEWER	Nov 2004	July 2014	July 2017
Inside Base Rate	\$ 6.00	\$ 7.14	\$ 8.57
Usage per 1,000 gal (1 to 2,000 gal)	\$ 2.80	\$ 3.35	\$ 4.16
Usage per 1,000 gal (2,000 to 6,000 gal)	\$ 3.15	\$ 3.75	\$ 4.69
Usage per 1,000 gal (over 6,000 gal)	\$ 3.50	\$ 4.17	\$ 5.21

Here is a summarization of the three rate increases, by “percent increase” per service type:

**RATE INCREASES EXPRESSED AS A “PERCENTAGE INCREASE”**

WATER	Nov 2004	July 2014	July 2017
Inside Base Rate		19.00%	20.00%
Usage per 1,000 gal over Base Quantity		18.86%	25.00%
Outside Base Rate		19.00%	25.02%
Usage per 1,000 gal over Base		19.17%	30.07%

SEWER	Nov 2004	July 2014	July 2017
Inside Base Rate		19.00%	20.00%
Usage per 1,000 gal (1 to 2,000 gal)		19.64%	24.18%
Usage per 1,000 gal (2,000 to 6,000 gal)		19.05%	25.07%
Usage per 1,000 gal (over 6,000 gal)		19.14%	24.94%

The following page contains the July 2014 Rate Increase for bulk water sales to the Town of Atoka.

**CITY OF MUNFORD TN -- WATER/SEWER RATE STUDY  
WATER/SEWER RATE OPTIONS -- PGC 04/19/17**

**WATER**

Rate Scenario	INSIDE		OUTSIDE	
	Base Rate	Usage Rate	Base Rate	Usage Rate
Current	\$7.14	\$ 2.08	\$ 10.71	\$ 2.86
Up 10%	\$7.85	\$ 2.29	\$ 11.78	\$ 3.15
Up 17.5%	\$8.39	\$ 2.44	\$ 12.58	\$ 3.36
Up 20%	\$8.57	\$ 2.50	\$ 12.85	\$ 3.43
Up 25%	\$8.93	\$ 2.60	\$ 13.39	\$ 3.58
Up 30%	\$9.28	\$ 2.70	\$ 13.92	\$ 3.72
Up 35%	\$9.64	\$ 2.81	\$ 14.46	\$ 3.86

**SEWER**

Rate Scenario	Base Rate	USAGE TIERS		
		Usage Tier 1	Usage Tier 2	Usage Tier 3
Current	\$7.14	\$ 3.33	\$ 3.75	\$ 4.17
Up 10%	\$7.85	\$ 3.66	\$ 4.13	\$ 4.59
Up 17.5%	\$8.39	\$ 3.91	\$ 4.41	\$ 4.90
Up 20%	\$8.57	\$ 4.00	\$ 4.50	\$ 5.00
Up 25%	\$8.93	\$ 4.16	\$ 4.69	\$ 5.21
Up 30%	\$9.28	\$ 4.33	\$ 4.88	\$ 5.42
Up 35%	\$9.64	\$ 4.50	\$ 5.06	\$ 5.63

**WATER RATE STUDY**

Peter Colin, 04/19/17 with LocalGov UB Scenario Analysis

**WATER/SEWER RATE INCREASE SCENARIOS**

PGC 04/19/17

Current Rates											
Service Type	# of Accts	# Bills per Year	Total 1000 Gal Per Year	Overage 1000 Gal/Year	Current Base Rate	Current Usage Rate	Base Rev \$ Per year	Usage Rev \$ Per Year	Total Rev \$ per Year	Rev if Usage drops 5%	LGC Rev
Inside Water	2,079	24,948	117,627	92,679	\$7.14	\$2.08	178,129	192,772	370,901	361,262	417,575
Outside Water	885	10,620	62,417	51,797	\$10.71	\$2.86	113,740	148,139	261,880	254,473	237,165
Sewer	2,004	24,048	120,687	120,687	\$7.14	\$3.33	171,703	401,888	573,590	553,496	610,620
Atoka MM bulk water									144,000	144,000	144,000
Sewer_Atoka/Brighton									160,000	160,000	160,000
<b>Total</b>								<b>Total Revenue</b>	<b>1,510,371</b>	<b>1,473,231</b>	<b>1,569,359</b>

Inside: Base Up 20% Usage Up 25%			Outside: Base Up 25% Usage Up 30%			Base Rate		Usage Rate						Pete	LGC
Scenario # 1			RATES UP	20.0%	25%	Base Rev \$	Usage Rev \$	Rev \$	Use down 5%	LGC Rev	Change	Change			
Inside Water	2,079	24,948	117,627	92,679	\$8.57	\$2.60	213,754	240,965	454,720	442,672	512,623	83,819	95,048		
Outside Water	885	10,620	62,417	51,797	\$13.39	\$3.72	142,175	192,581	334,756	325,127	302,689	72,877	65,524		
Sewer	2,004	24,048	120,687	120,687	\$8.57	\$4.16	206,043	502,360	708,403	683,285	754,707	134,812	144,959		
Atoka MM bulk water									144,000	144,000	144,000	0	0		
Sewer_Atoka/Brighton									160,000	160,000	160,000	0	0		
<b>Total</b>								<b>Total Revenue</b>	<b>1,801,879</b>	<b>1,755,084</b>	<b>1,874,019</b>	<b>291,508</b>	<b>305,531</b>		
									<b>Rev Increase</b>	<b>291,508</b>	<b>244,713</b>	<b>304,660</b>			

Base Up 20% Usage Rate Up 25%			Both Inside and Outside			Base Rate		Usage Rate						Pete	LGC
Scenario # 3			RATES UP	20%	20%	Base Rev \$	Usage Rev \$	Rev \$	Use down 5%	LGC Rev	Change	Change			
Inside Water	2,079	24,948	117,627	92,679	\$8.57	\$2.60	213,754	240,965	454,720	442,672	512,623	83,819	95,048		
Outside Water	885	10,620	62,417	51,797	\$12.85	\$3.58	136,488	185,174	321,663	312,404	290,877	59,783	53,713		
Sewer (up 25%)	2,004	24,048	120,687	120,687	\$8.57	\$4.16	206,043	502,360	708,403	683,285	754,707	134,812	144,088		
Atoka MM									144,000	144,000	144,000	0	0		
SewerAtoka/Brghtn									160,000	160,000	160,000	0	0		
<b>Total</b>								<b>Total Revenue</b>	<b>1,788,785</b>	<b>1,742,360</b>	<b>1,862,208</b>	<b>278,414</b>	<b>292,849</b>		
									<b>Rev Increase</b>	<b>278,414</b>	<b>231,989</b>	<b>292,849</b>			

- NOTES: 1. Calculations based on water usage statistics for Jan 2016 through Dec 2016. LGC results are generated by LocalGov's UB rate scenario software.  
 2. Assumes AtokaMM and Sewer-Atoka/Brighton revenues are unchanged following Rate Increase  
 3. See Scenario #1 highlighted in yellow: Inside Rates up 20% base/25% usage. Outside Rates up 25% base/30% usage  
 4. See Scenario #3 highlighted in green: All rates (Inside & Outside) up 20% base/25% usage

# Niota

# City of Niota

*"Heart of the Sweetwater Valley"*

PO Box 515

201 E. Main St.

Niota, Tennessee 37826

P-(423) 568-2584

F-(423) 568-3026

Mayor: Lois Preece  
City Recorder: Yolanda Sanchez  
Chief of Police: Jeb Brown

Commissioners:  
Todd Baker  
David Dilbeck  
Allen Watkins  
Adam Reed

October 1, 2018

Mr. John Greer  
Technical Secretary  
Tennessee Comptroller of the Treasury  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

Greetings Mr. Greer,

We have received your letter requesting an updated status of our water loss and financial distress. First and foremost, we would like to extend a huge 'thank you' to you and the Board for your concern about our previous water loss and financial distress issues. We have had a banner year because of the changes we have made.

Please find enclosed our financial report and most current water loss report. As you review both, you will see our operations in a positive status, not only with our finances but as well with our water loss. Everyone involved including our water department staff, Commissioner Dilbeck and myself have been working diligently with Seth Rye Engineering and his outstanding team and have made remarkable improvements since January 2017. Some of the changes we have made are:

- Leaving door tags on past due accounts twice during the year, on the third time their service is disconnected
- Collecting past due accounts via Wakefield collection agency
- Repairing leaks as soon as they are reported
- Our Superintendent and assistants are assessing the customer billing usage reports twice a month to watch for meters that are not registering correctly (to low) and changing out meters
- Educating our community on how to detect and report water leaks in their home and along the road
- Our main water meter readings have shown significant results from our efforts. We are saving about **1 million gallons** per month from our repairs and improvements.

We are so appreciative to the Tennessee Comptrollers' Office for having us before your board and allowing us to have an opportunity to better our departments' progress in so many aspects.

If you need any more information, please feel free to contact our office.

Best regards,

A handwritten signature in cursive script that reads "Lois Preece". The signature is written in black ink and is positioned above a thin horizontal line.

Mayor Lois Preece

cc Commissioner David Dilbeck  
Ms. Jennie Cagle



## AWWA Free Water Audit Software: System Attributes and Performance Indicators

WAS v5.0  
American Water Works Association  
Copyright © 2014. All Rights Reserved

Water Audit Report for: **Niota Water (0000510)**  
 Reporting Year: **2017**      **7/2016 - 6/2017**

\*\*\* YOUR WATER AUDIT DATA VALIDITY SCORE IS: 79 out of 100 \*\*\*

**System Attributes:**

	Apparent Losses:	3.924	MG/Yr
+	Real Losses:	20.727	MG/Yr
=	<b>Water Losses:</b>	<b>24.651</b>	MG/Yr

Unavoidable Annual Real Losses (UARL): 25.92 MG/Yr

Annual cost of Apparent Losses: \$54,110

Annual cost of Real Losses: \$47,553

Valued at **Variable Production Cost**

Return to Reporting Worksheet to change this assumption

**Performance Indicators:**

Financial: { Non-revenue water as percent by volume of Water Supplied: 32.1%

Non-revenue water as percent by cost of operating system: 17.4% Real Losses valued at Variable Production Cost

Operational Efficiency: { Apparent Losses per service connection per day: 6.17 gallons/connection/day

Real Losses per service connection per day: N/A gallons/connection/day

Real Losses per length of main per day\*: 684.18 gallons/mile/day

Real Losses per service connection per day per psi pressure: N/A gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): 20.73 million gallons/year

Infrastructure Leakage Index (ILI) [CARL/UARL]: 0.80

\* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline



City of Niota  
 Summary Financial Statement  
 June 2018

413 Water & Sewer Fund		Year-To-Date			Monthly Comparative:		
Account	Description	Budget Estimate	Actual	% of Budget	Estimate Avg/Mth	Actual	% of Avg
					Month-To-Date		
<b>Revenues</b>							
33700	Water Grant	0.00	(55,000.00)	0.00 %	0.00	(55,000.00)	0.00 %
35310	Returned Check Charges	1,300.00	(2,194.75)	168.83 %	108.33	(107.00)	98.77 %
36100	Interest Earnings	400.00	(1,263.84)	315.96 %	33.33	(21.87)	65.61 %
36120	Interest Earning-Certificate Of	0.00	(14.42)	0.00 %	0.00	0.00	0.00 %
37111	Water And Sewer Charges	1,073,550.00	(1,067,048.76)	99.39 %	89,462.50	(95,014.03)	106.21 %
37190	Tampering Fees	700.00	(550.00)	78.57 %	58.33	0.00	0.00 %
37191	Forfeited Discounts And Penalties	14,500.00	(12,490.53)	86.14 %	1,208.33	(513.47)	42.49 %
37196	Water Tap Fees	10,000.00	(17,200.00)	172.00 %	833.33	(1,600.00)	192.00 %
37198	Water Reconnection Fees	1,400.00	(3,000.00)	214.29 %	116.67	(1,500.00)	1,285.71 %
37199	Service Charges	5,250.00	(17,525.00)	333.81 %	437.50	(2,000.00)	457.14 %
37499	Miscellaneous	50.00	(15.12)	30.24 %	4.17	0.00	0.00 %
<b>Total Revenues</b>		<b>1,107,150.00</b>	<b>(1,176,302.42)</b>	<b>106.25 %</b>	<b>92,262.50</b>	<b>(155,756.37)</b>	<b>168.82 %</b>
<b>Expenditures</b>							
52113	Water Purification Facilities	(761,225.00)	731,550.79	96.10 %	(63,435.42)	52,450.43	82.68 %
52118	Water Legislative	(650.00)	328.95	50.61 %	(54.17)	27.42	50.62 %
52213	Sewer Treatment And Disposal	(281,805.00)	189,835.22	67.36 %	(23,483.75)	10,997.97	46.83 %
52217	Administration And General Expenses	0.00	9,471.00	0.00 %	0.00	0.00	0.00 %
52218	Sewer Legislative	0.00	328.95	0.00 %	0.00	27.42	0.00 %
<b>Total Expenditures</b>		<b>(1,043,680.00)</b>	<b>931,514.91</b>	<b>89.25 %</b>	<b>(86,973.33)</b>	<b>63,503.24</b>	<b>73.01 %</b>
<b>Total 413</b>	<b>Water &amp; Sewer Fund</b>	<b>63,470.00</b>	<b>(244,787.51)</b>	<b>385.67 %</b>	<b>5,289.17</b>	<b>(92,253.13)</b>	<b>1,744.19</b>

# Oakdale



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: Town of Oakdale**

**Staff Summary:**

On March 29, 2018, the Board voted to order Oakdale to comply with the following:

1. **The Town shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:**
  - a. **Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs);**
  - b. **A review of the actual treatment costs so rates can be adjusted accordingly;**
  - c. **A review of the grant funding to know how much new depreciation will need to be funded;**
  - d. **A review of any possible merger partners in the area; and**
  - e. **If no viable merger partners are identified, an explanation why.**
2. **The Town shall provide an update to Board staff with the completed rate study, five-year capital asset budget, policy recommendations, merger related information and an implemented or proposed plan of action by August 31, 2018.**

The Town brought in MTAS to perform a rate study and has replied to all directives in the order (attached). The Town has submitted an aggressive rate plan based on the MTAS rate study.

**Staff Recommendation:**

Order the Town to do the following:

1. **The Town shall increase rates by 30%, effective January 1, 2019.**
2. **The Town shall increase rates by an additional 25%, effective January 1, 2020.**
3. **Beginning January 1, 2021, the Town shall increase rates annually by no less than 1% effective January 1 of each year.**
4. **The Town shall send financial updates to Board staff by March 1 and September 1 of each year, beginning March 1, 2019, until the Board releases the Town from its oversight.**



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 16, 2018

The Honorable Buddy Miller  
Town of Oakdale  
204 Queen Street  
P.O. Box 116  
Oakdale, TN 37829

Dear Mayor Miller,

The Town's financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "John Greer", is written over a white rectangular area.

John Greer  
Technical Secretary

Enclosure  
cc: (w/o encl.) Mr. Paul Scarbough



BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD

IN THE MATTER OF:

T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
TOWN OF OAKDALE

ORDER

Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the Town of Oakdale (the "Town"). Based on the deficiencies in the Town's wastewater fund, the Board directs the Town to comply with the following corrective action plan:

1. The Town shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:
  - a. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs);
  - b. A review of the actual treatment costs so rates can be adjusted accordingly;
  - c. A review of the grant funding to know how much new depreciation will need to be funded;
  - d. A review of any possible merger partners in the area; and
  - e. If no viable merger partners are identified, an explanation why.
2. The Town shall provide an update to Board staff with the completed rate study, five-year capital asset budget, policy recommendations, merger related information and an implemented or proposed plan of action by August 31, 2018.

Entered this 17<sup>th</sup> day of April 2018.

Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

Ann Butterworth, Chair  
Water and Wastewater Financing Board  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

Re: Order Financial Distress

Dear Board:

Please accept this as our response to your Order dated March 29, 2018. Your Order asks us to perform certain tasks for your review.

1. We received assistance from MTAS in performing a rate study (copy enclosed).
  - 1a. We have created a five year capital budget. There are no amounts as the plant is completely new (2018), we have no anticipated future needs. It should be noted that all future significant capital needs would come from the one significant customer (HUD assisted retirement center). They have supplied all significant capital needs from the start of the sewer system.
  - 1b. Please see the rate study for the treatment costs.
  - 1c. With the facility new in 2018 and with all future significant capital costs coming from the large customer (via grant), we believe we have sufficient funds related to depreciation.
  - 1d. We have reviewed and discussed the possibility of mergers with nearby entities. There is no interest from these entities. Remember we are in a remote area and we have one large customer with very little possibility for growth.
  - 1e. See 1d.
2. Also see our latest audited financials page 18-20.

Thanks for your consideration of these items,

Mayor Buddy Miller.

**Town of Oakdale**  
**Wastewater Fund**  
**Financial Projections**  
Using 2% expense growth  
**Aug 2018**

	AUDITED 2017	AUDITED 2018
<b>OPERATING REVENUES</b>		
Wastewater Charges	\$ 24,549	\$ 24,345
Capital Contributions	74,825	0
<b>30% Rate Increase on 01/01/2019</b>		
<b>25% Rate Increase on 01/01/2020</b>		
<b>1 % Rate Increase on 01/01/2021</b>		
Total Operating Revenues	99,374	24,345
<b>OPERATING EXPENSES</b>		
Personnel	7,534	6,921
Repairs and maintenance	10,486	12,585
Utilities		690
Testing	3,000	3,132
Permits	690	3,000
Depreciation	<u>8,324</u>	11,661
Total Expenses	<u>30,034</u>	<u>37,989</u>
Net Change in Net Position	\$69,340	(\$13,644)
Capital Contributions		358,983
Loss on capital disposal		<u>(89,884)</u>
Net Position -beginning	\$133,362	\$202,702
Net Position -ending	\$202,702	\$458,157

Proposed financial plan involves two major rate increases-  
and another the following year on January 1, 2020  
I propose an automatic increase of 1% each follow

CURRENT 2019	PROPOSED 2020	PROPOSED 2021	PROPOSED 2022
\$ 24,549	\$ 24,549	\$ 24,549	\$ 24,549
0	0	0	0
3,682	7,365	7,365	7,365
	3,989	7,978	7,978
			399
28,231	35,903	39,892	40,291
7,059	7,201	7,345	7,492
12,837	13,093	13,355	13,622
3,195	3,259	3,324	3,390
3,060	3,121	3,184	3,247
11,661	11,661	11,661	11,661
<u>37,812</u>	<u>38,335</u>	<u>38,868</u>	<u>39,412</u>
(\$9,580)	(\$2,432)	\$1,024	\$879
\$458,157	\$448,577	\$446,145	\$447,169
\$448,577	\$446,145	\$447,169	\$448,047

One on January 1, 2019 with a 30 % increase.  
) for a 25% increase.  
ving year.



**TOWN OF OAKDALE, TENNESSEE**

**Statement of Net Position**

**Enterprise (Sewer) Fund**

**June 30, 2018**

Assets

Current Assets:

Cash and cash equivalents \$4,916

Total Current Assets 4,916

Capital Assets:

Utility plant in service 466,433

Less accumulated depreciation (11,661)

Total Capital Assets, Net 454,772

Total Assets \$459,688

Liabilities

Current Liabilities

Accounts payable \$1,531

Total Current Liabilities 1,531

Net Position:

Net Investment in capital assets 454,772

Unrestricted 3,385

Total Net position 458,157

The notes accompanying the financial statements are an integral part of these financial statements.

**TOWN OF OAKDALE TENNESSEE**

**Statement of Revenues, Expenses  
and Changes in Net Position**

**Enterprise (Sewer) Fund**

**For the Year Ended June 30, 2018**

Operating Revenues:	
Sewer sales	\$24,345
Total Operating Revenues	<u>24,345</u>
Operating Expenses:	
Personnel costs	6,921
Repairs, maintenance and supplies	12,585
Utilities	3,132
Testing	3,000
Permits	690
Depreciation	11,661
Total Operating Expenses	<u>37,989</u>
Operating income (loss)	<u>(13,644)</u>
Capital contribution	<u>358,983</u>
Loss on disposal of capital assets	<u>(89,884)</u>
Net change in position	255,455
Net position, beginning of the year	<u>202,702</u>
Net position, end of the year	<u>\$458,157</u>

The notes accompanying the financial statements are an integral part of these financial statements.

**TOWN OF OAKDALE, TENNESSEE**

**Statement of Cash Flows**

**Proprietary Fund Type**

**For the Year Ended June 30, 2018**

<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	24,345
Cash paid to suppliers	<u>(24,797)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(452)</u></u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Purchase of Capital Assets	(358,983)
Capital contribution	<u>358,983</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u><u>0</u></u>
<b>Cash Flows from Investing Activities:</b>	
Interest received	<u>0</u>
Net Cash Provided (Used) by Investing Activities	<u><u>0</u></u>
Net Change in Cash	<u><u>(452)</u></u>
Cash and Cash Equivalents, July 1, 2017	5,368
Cash and Cash Equivalents, June 30, 2018	<u><u>4,916</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating income (loss)	(13,644)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	11,661
Change in assets (increase) decrease:	
Change in liabilities increase (decrease):	
Accounts payable	1,531
Net Cash Provided by Operating Activities	<u><u>(452)</u></u>

See accompanying notes to financial statements.

During the year the Town disposed of capital assets totaling \$249,708 resulting in a loss on the disposal of \$89,884.

# Obion



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: Town of Obion**

**Staff Summary:**

On March 29, 2018 the Board voted to order Obion to comply with the following:

1. **The Town shall maintain compliance with Ordinance Number 2017-02;**
2. **The Town shall provide a financial update to Board staff by March 1<sup>st</sup> and September 1<sup>st</sup> annually starting September 1, 2018, until released from Board oversight.**

The Town has failed to provide the ordered update to staff.

**Staff Recommendation:**

Order the following:

1. **The Town shall send a financial update to Board staff by December 31, 2018.**
  - a. **The update shall include the actions taken in accordance with Ordinance 2017-02**
2. **The Town shall provide a financial update to Board staff by March 1<sup>st</sup> and September 1<sup>st</sup> annually starting March 1, 2019, until released from Board oversight.**



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 16, 2018

The Honorable Rodney Underwood  
City of Obion  
137 Palestine Ave.  
Obion, TN 38240

Dear Mayor Underwood,

The City's financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

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

Sincerely,

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

John Greer  
Technical Secretary

Enclosure



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**BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD**

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**IN THE MATTER OF:**

**T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
TOWN OF OBION**

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**ORDER**

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Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the Town of Obion (the "Town"). Based on the deficiencies in the Town's water and wastewater fund, the Board directs the Town to comply with the following:

1. The Town shall maintain compliance with Ordinance Number 2017-2.
2. The Town shall provide a financial update to Board staff on or before March 1<sup>st</sup> and September 1<sup>st</sup> annually beginning September 1, 2018, until released from Board oversight.

Entered this 17<sup>th</sup> day of April 2018.

A handwritten signature in blue ink, appearing to read "Ann V. Butterworth", written over a horizontal line.

Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

# Oneida





JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: Town of Oneida**

**Staff Summary:**

On March 29, 2018, the Board voted to order Oneida to comply with the following:

1. **The Town shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:**
  - a. **A review of tap fees and actual cost of installation;**
  - b. **Creation of a new customer contract;**
  - c. **Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs); and**
  - d. **A review of inside/outside rates and the cost of serving outside of the corporate boundaries.**
2. **The Town shall provide an update to Board staff with the completed rate study, five-year capital asset budget, new customer contract and an implemented or proposed plan of action by August 31, 2018.**

The Town has failed to submit any information.

**Staff Recommendation:**

Order the following:

1. The Town shall comply with all directives of the Board order dated April 17, 2018 no later than January 31, 2019.
2. If the Town fails to comply with this order, Board staff shall refer the Town to the Attorney General's Office to pursue enforcement proceedings.



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 16, 2018

The Honorable Jack E. Lay  
Oneida Water & Wastewater Department  
19922 Alberta St.  
Oneida, TN 37841

Dear Mayor Lay,

Oneida Water & Wastewater Department's financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

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

Sincerely,

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

John Greer  
Technical Secretary

Enclosure  
cc: (w/o encl.) Mr. Johnny Acres



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BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD

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IN THE MATTER OF:

T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
TOWN OF ONEIDA

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ORDER

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Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the Town of Oneida (the "Town"). Based on the deficiencies in the Town's water and wastewater fund, the Board directs the Town to comply with the following corrective action plan:

1. The Town shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:
  - a. A review of tap fees and actual cost of installation;
  - b. Creation of a new customer contract;
  - c. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs); and
  - d. A review of inside/outside rates and the cost of serving outside of the corporate boundaries.
2. The Town shall provide an update to Board staff with the completed rate study, five-year capital asset budget, new customer contract and an implemented or proposed plan of action by August 31, 2018.

Entered this 17<sup>th</sup> day of April 2018.

Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

## Town of Oneida Water and Sewer

### Plan to improve water quality and financial strength

February 28, 2018

Our policies have been to increase our water and sewer rates by 2% on July 1 of each year. This has not been sufficient to keep up with rising costs of water and sewer operations, at the same improve water quality. Therefore, our plan is to analyze each element of our water sewer system. This will include Procurement, Treatment and Supply and Transmission and Distribution of Water. The next will be Sewer Collection and Treatment. Finally costs will be calculated for each process above, plus administration and set rates sufficient to cover all expenses.

The water plan is to hire an experienced water and sewer operator to review all procedures to insure quality water from the system. Also, to instruct plant operators and employees in proper steps to be taken followed by an analysis of water distribution losses. This plan began in December 2017. The water plant is now under evaluation and positive results have been observed, after plant operations the transmission and distribution system will be evaluated.

A similar plan will be followed for sewer plant operations and for sewer collections.

The next step will be the financial plan in which operational changes in water, sewer and administration can be analyzed to cover expected costs including depreciation.

The water plant has not been removing sufficient impurities in the finished water. The recommendations made so far have improved the finished water substantially. Now the treated water is expected to be well within allowable limits.

Some of the recommendations and improved practices have been:

1. Aerators in the water supply lake
2. Aerators in the finished water holding tanks
3. Cleaning parts of the plant and storage tanks
4. More frequent sampling of raw water intake to adjust chemical rates and plant controls

Since our plan to update and improve all aspects of our system, we request that this process continue until final analysis and rates be set at the completion of our analysis. It is expected to be complete around July 1, 2018.

# Pikeville



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: City of Pikeville**

**Staff Summary:**

On March 29, 2018, the Board voted to order Pikeville to comply with the following:

1. **The City shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:**
  - a. **A review of tap fees and actual cost of installation;**
  - b. **A review of the need for a rate and fee policy;**
  - c. **Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs);**
  - d. **A review of inside/outside rates and the cost of serving outside of the corporate boundaries; and**
  - e. **A review of the leak adjustment policy.**
2. **The City shall provide an update to Board staff with the completed rate study, fee and policy recommendations, five-year capital asset budget, and an implemented or proposed plan of action by August 31, 2018.**

The City has failed to submit the required information. On September 10, 2018, the City did indicate that MTAS was working on a rate study but did not give any additional information.

**Staff Recommendation:**

Order the following:

1. **The Town shall comply with all directives of the Board order dated April 17, 2018 by January 31, 2019.**
2. **If the Town fails to comply with this order, Board staff shall refer the case to the Attorney General's Office to pursue enforcement proceedings.**



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 16, 2018

The Honorable Philip Cagle  
City of Pikeville  
P.O. Box 225  
Pikeville, TN 37367

Dear Mayor Cagle,

The City's financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "John Greer", written over a large, stylized blue checkmark.

John Greer  
Technical Secretary

Enclosure  
cc: (w/o encl.) Ms. Debra Barnett



**BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD**

**IN THE MATTER OF:**

**T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
CITY OF PIKEVILLE**

**ORDER**

Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the City of Pikeville (the "City"). Based on the deficiencies in the City's water and wastewater fund, the Board directs the City to comply with the following corrective action plan:

1. The City shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:
  - a. A review of tap fees and actual cost of installation;
  - b. A review of the need for a rate and fee policy;
  - c. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs);
  - d. A review of inside/outside rates and the cost of serving outside of the corporate boundaries; and
  - e. A review of the leak adjustment policy.
2. The City shall provide an update to Board staff with the completed rate study, fee and policy recommendations, five-year capital asset budget, and an implemented or proposed plan of action by August 31, 2018.

Entered this 17<sup>th</sup> day of April 2018.

Ann V. Butterworth, Chair  
Water and Wastewater Financing Board



**From:** [John Greer](#)  
**To:** [Lauren Cecil](#)  
**Subject:** FW: Rate Study  
**Date:** Tuesday, September 11, 2018 12:31:09 PM

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**From:** Betty Renick <[bettycity@bledsoe.net](mailto:bettycity@bledsoe.net)>  
**Sent:** Monday, September 10, 2018 10:42 AM  
**To:** Ann Butterworth <[Ann.Butterworth@cot.tn.gov](mailto:Ann.Butterworth@cot.tn.gov)>  
**Subject:** Rate Study

Ms Butterworth,  
MTAS is in the process of working on our study.  
Thanks,

Betty Kay Renick  
Administrative Assistant  
City of Pikeville  
25 Municipal Drive  
PO Box 225  
Pikeville, TN 37367  
423-447-2919  
423-447-2028 (fax)

# **Roane County Wastewater**



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

**Case: Roane County Wastewater**

**Staff Summary:**

The Roane County wastewater system has been referred for financial distress.

ROANE COUNTY WASTEWATER				
HISTORY FILE				
	Audited		Audited	
Fiscal Year 6/30	2015	2016	2017	
Water/Sewer revenues	\$ 1,004,471	\$ 1,084,611	\$ 1,031,537	
Other revenues			\$ 55,633	
<b>Total Operating Revenues</b>	<b>\$ 1,004,471</b>	<b>\$ 1,084,611</b>	<b>\$ 1,087,170</b>	
<b>Total Operating Expenses</b>	<b>\$ (930,716)</b>	<b>\$ (931,210)</b>	<b>\$ (1,016,496)</b>	
Operating Income	\$ 73,755	\$ 153,401	\$ 70,674	
Interest Income (expense)	\$ (93,948)	\$ (104,635)	\$ (106,469)	
Grant/Capital Cont.	\$ 175,194	\$ 146,042	\$ 75,324	
Transfers in (out)		\$ (400,000)		
<b>Change in Net Position</b>	<b>\$ 155,001</b>	<b>\$ (205,192)</b>	<b>\$ 39,529</b>	

Please see the attached financial questionnaire information submitted by Roane County.

**Staff Recommendation:**

Order the following:

1. The County shall have the Tennessee Association of Utility Districts, the County Technical Advisory Service or another qualified expert complete a rate study, to include a detailed plan to cure the County of its financially distressed status.
2. The County shall provide an update to Board staff with the completed rate study and an implemented or proposed plan of action by April 19, 2019.



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 10, 2018

County Executive Ron Woody  
Roane County Public Utility Fund  
P.O. Box 643  
Kingston, TN 37763

Dear Mr. McClure,

The Tennessee Comptroller of the Treasury has referred the Roane County Public Utility Fund the Water & Wastewater Financing Board (hereinafter "Board") pursuant to Tennessee Code Annotated § 68-221-1010(a).

Please fill out the attached questionnaire and return it and all supporting documentation to our office no later than **June 15, 2018**. Please submit this to either [utilities@cot.tn.gov](mailto:utilities@cot.tn.gov), and/or the following mailing address:

Water & Wastewater Financing Board  
ATTN: John Greer  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

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. After we receive your information, we will decide whether it is necessary for the County to (1) meet with our staff or (2) go directly before the Board.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "John Greer", is written over a stylized graphic element.

John Greer  
Technical Secretary

enclosure  
cc (w/out encl.): Mr. Gene McClure

Due  
June 15



JUSTIN P.  
WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

**WWFB Financial Questionnaire**

Utility: Roane Co Public Utility

**Instructions: Please submit the following information**

1. Five year history of your rates (all rate classes and types)

See Attachment 1

2. Five year history of all utility fees (include records of how you rationalized charges for: tap fees, reconnection fees, etc.)

cost plus

3. The current customer contract used for new service accounts

See Attachment 2

4. Most current balance sheet and income statement (accounts must be broken out by water and sewer **if applicable**; you may need to estimate or use a percentage for each)

See Attachment 3

5. A copy of your debt management policy

See Attachment 4

6. What is the justification for the current structure of your rates?

Constructed to fund cost of operation & maintenance

7. A copy of your capitalization policy (by which you decide whether you capitalize versus expense items)

See attachment 5

**Instructions: Please respond to each question below with detailed answers**

1. Do you have a plan to remedy your financially distressed position? **yes**
  - a. If so, please provide a detailed copy.

2. Who has the authority to set rates and fees? Do you have a board or committee separate from your local legislative body (board of mayor and aldermen, etc.)?

Roane County Public Utility Board

3. How many customers do you have currently? Please break out by metered, non-metered, billed and un-billed, and class (residential, commercial, etc.).

Residential - 702  
Commercial - 129  
Industrial - 35

4. What percentage of your sales do the largest ten (10) customers (by volume and by revenue) represent on a yearly basis? 4390

Volume unable to predict as residential customers bills are not based on usage but rather a flat rate

5. Do you have plans for a rate increase or decrease?
- a. If yes, has your board voted on it? Under consideration  
i. Please attach the relevant minutes that show all discussion and votes.  
not voted on as of 4/30/18
- b. If no, please attach the minutes where the relevant discussion and vote took place to not change the current rate structure.

6. What is the justification for the current structure of your rates?

Cost to operate & maintain

7. Do you have written policies for rates and fees (how they are implemented and billed, including adjustments)?

yes

- a. If so, please provide a list of the applicable policies. see attachment 6
- b. How often do you review these policies?

Annually

8. How do you make customers aware of the rates and fees you have in place?

- a. Is this done at least annually? If not, please explain.

we do not

9. Do you have a capital asset plan/budget?

- a. If so, how long does it forecast (5 year, 10 year, etc.)? 20yr

- b. If you do not have a capital asset plan, please justify why you do not.

See attachment 7

10. Do you review your capital asset list?
- If so, please indicate the frequency it is reviewed (annually, semi-annually, etc.) and who reviews this list.

reviewed annually by Director

- If you do not review your capital asset list, please justify why you do not.

11. Do you have any environmental issues currently or forthcoming that will put a financial burden on the system?

no

12. Do you have a leak adjustment policy? **yes**
- If so, what is the average yearly amount adjusted in gallons, cost to produce (or purchase), and lost revenue? **0**
  - Please attach a copy of the policy.

See attachment 8

13. Have you already, or do you plan to incur any new debt during the current fiscal year?
- If so, please provide a detailed explanation.

no

14. Have you already, or do you plan to receive any grants or capital contributions during the current fiscal year?

- If so, please provide a detailed explanation.

no

15. Have you applied for grants that will be received over the next two years?
- If so, please provide a detailed explanation.

no

16. Do you produce or purchase your water supply?
- If you produce your own water,
    - What is the cost per thousand to produce?

N/A

- If you buy your water,
  - What is the cost per thousand?Do you have a long-term purchase contract in place?

N/A

17. Do you have any wholesale customers?  
a. Do you have written contracts with those customers?

N/A

18. What is your current non-revenue water percentage?  
a. Do you have any plans for improving your non-revenue water percentage?

N/A

- b. If so, please provide a detailed explanation.

19. With respect to your governing board, how frequently do you meet and what is your practice of providing notice of your meetings? **monthly (2nd Tue)**

**notice on county website & local newspaper**

20. Has your governing body met the applicable training requirements?  
a. Please provide a list of Board members and their election/appointment dates.  
b. Please review the training requirements at <https://www.comptroller.tn.gov/WWFB>

**See attachment 9**

*I hereby certify that the information provided is true and correct to the best of my knowledge.*

Signature:  Title: **Director** Date: **3/27/18**

Please mail, e-mail, or fax copies of any documentation to:

**Water & Wastewater Financing Board  
ATTN: John Greer  
Fourth Floor Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243  
Phone: (615) 747-5260  
Fax: (615) 741-1551  
[utilities@cot.tn.gov](mailto:utilities@cot.tn.gov)**



## ROANE COUNTY RATE STRUCTURE

### (Residential)

**\$31.50/month flat rate**

### {Commercial & Industrial}

<i>0 gallons -3,000 gallons</i>	<b>\$59.35</b>
<i>3,001 -5,000 gallons</i>	<b>\$ 13.57</b>
<i>5,001 -11,000 gallons</i>	<b>\$ 11.71</b>
<i>11,001-26,000 gallons</i>	<b>\$ 10.41</b>
<i>26,001 -101,000 gallons</i>	<b>\$ 8.98</b>
<i>101,001gallons and up</i>	<b>\$ 8.43</b>

## RATES AND FEES POLICY

Residential customers will be billed a flat rate each month. Commercial and Industrial customers will be billed according to usage. Water usage amounts are acquired monthly from Rockwood Water and from Roane Central Utility district.

All customers will be billed monthly by a mailed bill which will be generated in the billing office.

Any adjustments to a commercial or industrial bill due to a water leak will be as follows: an average of prior 6 months usage.

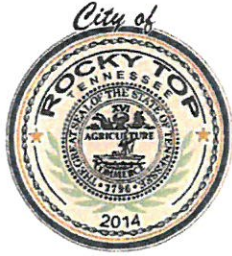
A once a year courtesy late fee adjustment is given to customers on an as needed basis due to special circumstances. A note will be placed on the adjustment to note it.

## Leak Adjustment Policy

Residential Customers who experience a water leak will not receive an adjustment on their sewer bill due to the fact they pay a flat rate and their water usage is not a factor.

Commercial and Industrial customers who have a water leak will contact us. We then verify that with each respected water department (Rockwood or Harriman). We will then take the last 6 months usage and get an average usage and amend their bill to reflect that average.

# Rocky Top



# CITY OF ROCKY TOP

*Proud Past • Bright Future*

August 31, 2018

Mr. John Greer  
Water & Wastewater Financing Board  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, TN 37243

Subject: City of Rocky Top Quarterly Report – Last six months of 2017-2018 fiscal year

Dear Mr. Greer:

The last six months of the 2017-2018 fiscal year has been successful. The City Council passed the 2018-2019 budget that included a 15% rate increase and with this increase the Rocky Top Water & Sewer department should operate in the black based on budgeted expenses. The rate increase was passed by Ordinance 493 that had an automatic 15% increase effective July 1, 2018. We are in the process of closing the financial books for fiscal year 2017-2018, and have our audit scheduled for November.

The City completed the waterline replacement project that was funded by the CDBG grant program. The new waterlines have reduced our water loss and since we purchase our water these reductions there will be additional cost savings to our rate payers. Cannon and Cannon Engineering firm completed the Sanitary Sewer Infrastructure Assessment. The results of the assessment will allow the city to plan for short and long-term capital plans. Anderson County Water Authority management has been given a copy of the assessment for their review. I continue to meet with ACWA to continue our discussions of a possible merger and at this time no plans have been made for a merger.

The City of Rocky Top is borrowing up to \$450,000 from the State Revolving Fund Loan program to perform Phase II of our Sanitary Sewer Evaluation Survey. The city is contracting with Cannon & Cannon to perform this survey and work is scheduled to begin in October of 2018.

Sincerely,

  
Michael Y. Foster  
City Manager

# Sneedville



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

**Case: Town of Sneedville**

**Staff Summary:**

The Town of Sneedville has been referred as financially distressed.

TOWN OF SNEEDVILLE				
HISTORY FILE				
	Audited		Audited	
Fiscal Year 6/30	2015	2016	2017	
Water revenues	\$ 207,704	\$ 220,069	\$ 231,991	
Other revenues	\$ 2,381	\$ 345	\$ 587	
<b>Total Operating Revenues</b>	<b>\$ 210,085</b>	<b>\$ 220,414</b>	<b>\$ 232,578</b>	
<b>Total Operating Expenses</b>	<b>\$ (351,504)</b>	<b>\$ (273,943)</b>	<b>\$ (244,317)</b>	
Operating Income	\$ (141,419)	\$ (53,529)	\$ (11,739)	
Interest Income (expense)	\$ (17,017)	\$ (24,004)	\$ (21,882)	
Grant/Capital Cont.	\$ 180,539	\$ 837,308	\$ 125,395	
<b>Change in Net Position</b>	<b>\$ 22,103</b>	<b>\$ 759,775</b>	<b>\$ 91,774</b>	s

Sneedville has shown a positive change in net position due to grant funding and internal transfers since at least 2015. Please see the attached financial questionnaire information submitted by the Town.

**Staff Recommendation:**

Order the Town to do the following:

1. The Town shall have the Municipal Technical Advisory Service, the Tennessee Association of Utility Districts or another qualified expert to complete a rate study and assist with the following:
  - a. creating a new customer contract,
  - b. creating a 5-year capital asset budget, to be taken from the current capital asset list and include future anticipated needs and a plan for implementation of said budget,
  - c. creating a utility rate and fee policy to include procedures for notifying customers of rate or fee changes,
  - d. creating a leak adjustment policy applying to sewer only.
2. The Town shall provide an update to Board staff with the completed rate study and an implemented or proposed plan of action by April 19, 2019.



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

**WWFB Financial Questionnaire**

Utility: City of Sneedville  
WWTP

**Instructions: Please submit the following information**

1. Five year history of your rates (all rate classes and types)
2. Five year history of all utility fees (include records of how you rationalized charges for: tap fees, reconnection fees, etc.)
3. The current customer contract used for new service accounts
4. Most current balance sheet and income statement (accounts must be broken out by water and sewer **if applicable**; you may need to estimate or use a percentage for each)
5. A copy of your debt management policy
6. A copy of your capitalization policy (by which you decide whether you capitalize versus expense items)


**Instructions: Please respond to each question below with detailed answers**

1. Do you have a plan to remedy your financially distressed position?
  - a. If so, please provide a detailed copy.
2. Who has the authority to set rates and fees? Do you have a board or committee separate from your local legislative body (board of mayor and aldermen, etc.)?
3. How many customers do you have currently? Please break out by metered, non-metered, billed and un-billed, and class (residential, commercial, etc.).
4. What percentage of your sales do the largest ten (10) customers (by volume and by revenue) represent on a yearly basis?
5. Do you have plans for a rate increase or decrease?
  - a. If yes, has your board voted on it?
    - i. Please attach the relevant minutes that show all discussion and votes.
  - b. If no, please attach the minutes where the relevant discussion and vote took place to not change the current rate structure.
6. What is the justification for the current structure of your rates?
7. Do you have written policies for rates and fees (how they are implemented and billed, including adjustments)?
  - a. If so, please provide a list of the applicable policies.
  - b. How often do you review these policies?
8. How do you make customers aware of the rates and fees you have in place?
  - a. Is this done at least annually? If not, please explain.
9. Do you have a capital asset plan/budget?
  - a. If so, how long does it forecast (5 year, 10 year, etc.)?
  - b. If you do not have a capital asset plan, please justify why you do not.



10. Do you review your capital asset list?
  - a. If so, please indicate the frequency it is reviewed (annually, semi-annually, etc.) and who reviews this list.
  - b. If you do not review your capital asset list, please justify why you do not.
11. Do you have any environmental issues currently or forthcoming that will put a financial burden on the system?
12. Do you have a leak adjustment policy?
  - a. If so, what is the average yearly amount adjusted in gallons, cost to produce (or purchase), and lost revenue?
  - b. Please attach a copy of the policy.
13. Have you already, or do you plan to incur any new debt during the current fiscal year?
  - a. If so, please provide a detailed explanation.
14. Have you already, or do you plan to receive any grants or capital contributions during the current fiscal year?
  - a. If so, please provide a detailed explanation.
15. Have you applied for grants that will be received over the next two years?
  - a. If so, please provide a detailed explanation.
16. Do you produce or purchase your water supply?
  - a. If you produce your own water,
    - i. What is the cost per thousand to produce?
  - b. If you buy your water,
    - i. What is the cost per thousand?
    - ii. Do you have a long-term purchase contract in place?
17. Do you have any wholesale customers?
  - a. Do you have written contracts with those customers?
18. What is your current non-revenue water percentage?
  - a. Do you have any plans for improving your non-revenue water percentage?
  - b. If so, please provide a detailed explanation.
19. With respect to your governing board, how frequently do you meet and what is your practice of providing notice of your meetings?
20. Has your governing body met the applicable training requirements?
  - a. Please provide a list of Board members and their election/appointment dates.
  - b. Please review the training requirements at <https://www.comptroller.tn.gov/WWFB/>

*I hereby certify that the information provided is true and correct to the best of my knowledge.*

Signature:  Title: Mayor Date: 6/4/2018

Please mail, e-mail, or fax copies of any documentation to:

**Water & Wastewater Financing Board**  
**ATTN: John Greer**  
**Fourth Floor Cordell Hull Building**  
**425 Fifth Avenue North**  
**Nashville, Tennessee 37243**  
**Phone: (615) 747-5260**  
**Fax: (615) 741-1551**  
**utilities@cot.tn.gov**

## WWFB Financial Questionnaire

1.

YEAR	CLASS	PRICE PER. MIN. GALLON	UNITS	PRICE PER 1000 GALLON
2013	Residential	\$6.56	1000	\$6.56>1000
	Commercial	\$15.74	2000	\$7.87>2000 & < 5000
	Industrial	\$78.13	5000	\$9.08>5000
2014	Residential	\$6.56	1000	\$6.56>1000
	Commercial	\$15.74	2000	\$7.87>2000 & < 5000
	Industrial	\$78.13	5000	\$9.08>5000
2015	Residential	\$7.22	1000	\$7.22>1000
	Commercial	\$17.31	2000	\$8.66 >2000 & <5000
	Industrial	\$85.94	5000	<5000
2016	Residential	\$8.66	1-999	\$7.22>1000
	Commercial	\$20.77	1-999	\$8.66>1000
	Industrial	\$103.13	1-999	\$9.99>5000
2017	Residential	\$8.66	1-999	\$7.22>1000
	Commercial	\$20.77	1-999	\$8.66>1000
	Industrial	\$103.13	1-999	\$9.99>5000

2. Do not have

3. Do not have

4. Do not have

5. Dept Policy ( Attached)

6. In the government-wide financial statements, capital assets are accounted for as capital assets. This includes property, plant, equipment and infrastructure assets, (e.g., roads, bridges, sidewalks, and similar items). Capital assets are defined by the City as assets with initial cost of more than \$2,500.00 and an estimated useful in excess of one year for property, plant, equipment, and infrastructure.

## SECTION 2

1. Increase sewer rates

2. Mayor and Aldermen have the authority to raise rates.  
B. Do not have a seperate board.

3. All customers are metered:

Customer Type	Number of Customers
Residential	322
Commercial	136
Industrial	14

4- 61%

5- Plans, Yes: Vote No

6- Carry over from previous.

7- Do not have written policies

8- Word of mouth when they are in City Hall

9- No. Council normally raises rates when needed not periodically

10- No

11- We review yearly

12- No

**Page 3 Section 2 continued**

13. Yes, Not written

14. No

15. No

16. No

17. Purchase only

B- Yes

Cost is \$43.25 per 1500 gallons, \$8.45 per additional thousand gallons

18- N/A

19- Council meets on the second Tuesday of each month. If a special called meeting is to take place and ad is ran in the newspaper.

20.

List of Board Members and election/appointment dates:

A-

- a- Mayor- William P Riley-----election 2017
- b- Vice Mayor- Matthew Waddell-----election 2017
- c- Councilman- Michael Gibson-----election 2017
- d- Councilman- Janet Cose-----election 2017
- e- Councilman- Troy Collins-----election 2017
- f- Councilman- Janet Collins-----election 2017

B- Mayor and councilman have completed training with the exception of Troy Collins he still needs the last course to be finished.

# Spencer



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: Spencer**

**Staff Summary:**

No information has been received.

**Staff Recommendation:**

Order the following:

1. **Spencer shall have the Municipal Technical Advisory Service, the Tennessee Association of Utility Districts or another qualified expert assist in completing the financial questionnaire sent by Board staff.**
2. **Spencer shall send the completed financial questionnaire and all supporting documentation to Board staff by February 15, 2019.**



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

**MEMORANDUM**

**TO:** Water and Wastewater Financing Board  
**FROM:** Division of Local Government Audit - Municipalities and Utility Districts  
**SUBJECT:** Division of Local Government Audit Referral Pursuant to TCA 68-221-1010(a)

In accordance with the requirements of Tennessee Code Annotated, we are hereby filing the following vendor with the board(s) noted above.

Record Number: 1868 Vendor Name: Spencer  Component Unit

Report Year: 6/30/2017 Utility Type: Water and Sewer Date Received: 12/28/2017 Date Referred: 1/4/2018 Reviewer: mlb Report Status: Not Yet Reviewed

**FINANCIAL DISTRESS**

**A** Has deficit net position for the fiscal year ended.

**B** Decrease in net position for two consecutive years.  
Fiscal Year End: 6/30/2017 Decrease in NP: (\$356,242.95)  
Fiscal Year End: 6/30/2016 Decrease in NP: (\$340,326.05)

**C** Is in default on certain outstanding debt.  
Holders of the Bonds, etc. Principal Interest

**WATER LOSS**

**D** Water Loss Referral  
AWWA water audit info  
Water Loss Schedule - Status:   AWWA Excel File:    
Validity Score: 82  
Excessive non-revenue water % as established by the board: 12.4  
(Non-Revenue Water as Percent by Cost of Operating System)

Comments:



# Stanton



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 16, 2018

The Honorable Alan Sterbinsky  
Town of Stanton  
8 Main Street  
P.O. Box 97  
Stanton, TN 38069

Dear Mayor Sterbinsky,

The Town's financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "John Greer", is written over a faint, stylized graphic element.

John Greer  
Technical Secretary

Enclosure



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**BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD**

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**IN THE MATTER OF:**

**T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
TOWN OF STANTON**

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**ORDER**

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Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the Town of Stanton (the "Town"). Based on the deficiencies in the Town's water and wastewater fund, the Board directs the Town to comply with the following corrective action plan:

1. The Town shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study.
2. The Town shall provide an update to Board staff with the completed rate study and an implemented or proposed plan of action by August 31, 2018.

Entered this 17<sup>th</sup> day of April 2018.

Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

**From:** Allan Sterbinsky  
**To:** [John Greer](#)  
**Subject:** Stanton Water/Sewer Rate Study  
**Date:** Thursday, August 30, 2018 10:25:17 AM

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John,

Just an update for you on the Stanton Rate Study.

Steven Wyatt (MTAS) has completed the rate study and sent us his recommended rate increases. His rates include the new renovations to the lagoon, some water main work, and the renovations of the 75,000 water tower.

Now that I have his recommendations in hand, I will present them to the board at our next scheduled board meeting (18 August).

Thanks for all your help with this project. If you need anything else, please let me know.

Thanks

Allan

--

Allan Sterbinsky Ph.D.

# Tracy City



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

February 7, 2018

Mr. Tommy McFarland  
Town of Tracy City  
P. O. Box 277  
Tracy City, TN 37387

Dear Mr. McFarland,

The Tennessee Comptroller of the Treasury has referred the Town of Tracey City to the Water & Wastewater Financing Board (hereinafter "Board") 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 **March 9, 2018**. Please submit this to either [utilities@cot.tn.gov](mailto:utilities@cot.tn.gov), and/or the following mailing address:

Water & Wastewater Financing Board  
ATTN: John Greer  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

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. After we receive your information, we will decide whether it is necessary for the Town of Tracy City to (1) meet with our staff or (2) go directly before the Board.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "John Greer", written over a blue ink scribble.

John Greer  
Technical Secretary

enclosure

cc (w/out enc.): The Honorable Paul Larry Phipps

***Town of Tracy City  
P.O. Box 277  
Tracy City, Tennessee 37387***

**Phone: (931) 592-6213**

**Fax: (931) 592-6218**

**E-mail: [tracycity@blomand.net](mailto:tracycity@blomand.net)**

June 29, 2018

Ann Butterworth, Chair  
Water & Wastewater Financing Board  
Cordell Hull Building  
425 Fifth Avenue, North  
Nashville, TN 37243

Dear Ms. Butterworth:

In response to the Tennessee Comptroller of the Treasury letter of June 12, 2018, to the Town of Tracy City, we would like to explain our situation and explain our solution. We undertook a major project of raising our damn to provide an increase in our water reservoir. This was accomplished through the use of grant funds and loans. As a result, our depreciation and interest expense increased resulting in a loss of \$19,439 as of June 30, 2017. (Depreciation expense of \$273,450.) We had a positive cash flow of \$114,461. We had a positive net position of \$9,580,654.

In anticipation of these expenses, we raised our rates 6.5% as of July 1, 2016, 6.5% as of July 1, 2017 and 8% as of July 1, 2018.

---

We forecast a positive change in net position in future years. If this does not occur, we will continue to raise our rates until it does.

We hope this satisfies the Water and Wastewater Financing Board.

Sincerely,

Charles Fults, Jr.  
Board Chairman

# Tusculum





JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: City of Tusculum**

**Staff Summary:**

On March 29, 2018, the Board voted to order Tusculum to comply with the following:

1. **The City shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:**
  - a. **Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs);**
  - b. **A review of any possible merger partners in the area; and**
  - c. **If no viable merger partners are identified, an explanation why.**
2. **The City shall provide an update to Board staff with the completed rate study, five-year capital asset budget and an implemented or proposed plan of action by August 31, 2018.**

The City brought in MTAS to perform a rate study and has complied with all directives in the order (attached).

The City still disputes its classification as financially distressed.

**Staff Recommendation:**

Order the Town to do the following:

1. **The City shall send financial updates to Board staff by March 1 and September 1 of each year, beginning March 1, 2019, until the Board releases the Town from its oversight.**



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 16, 2018

Mr. Warren Cutshall  
City of Tusculum  
145 Alexander Street  
Tusculum Station  
Tusculum, TN 37743

Dear Mr. Cutshall,

The City's financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

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

Sincerely,

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

John Greer  
Technical Secretary

Enclosure

cc: (w/o encl.) The Honorable Alan Corley



**BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD**

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**IN THE MATTER OF:**

**T.C.A. § 68-221-1010—FINANCIAL DISTRESS  
CITY OF TUSCULUM**

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**ORDER**

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Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the City of Tusculum (the "City"). Based on the deficiencies in the City's wastewater fund, the Board directs the City to comply with the following corrective action plan:

1. The City shall bring in assistance from the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert to perform a rate study and provide assistance with the following:
  - a. Creation and implementation of a five-year capital asset budget (to be taken from the current capital asset list and include future anticipated needs);
  - b. A review of any possible merger partners in the area; and
  - c. If no viable merger partners are identified, an explanation why.
2. The City shall provide an update to Board staff with the completed rate study, five-year capital asset budget and an implemented or proposed plan of action by August 31, 2018.

Entered this 17<sup>th</sup> day of April 2018.

A handwritten signature in blue ink, appearing to read "Ann V. Butterworth".

Ann V. Butterworth, Chair  
Water and Wastewater Financing Board

**CITY OF TUSCULUM  
FIRST IN EDUCATION**

Tusculum, Tennessee  
Phone/Fax: (423) 638-6211  
[tusculumcity@comcast.net](mailto:tusculumcity@comcast.net)

(Mail)  
P.O. Box 5014 Tusculum Station  
Greeneville, TN 37743

(City Hall)  
145 Alexander Street  
Tusculum, TN 37745

August 7, 2018

Mr. John Greer, Technical Secretary  
Tennessee Water and Wastewater Financing Board  
Tennessee Comptroller of the Treasury  
425 Fifth Avenue North  
Nashville, TN 37243

Re: Order of 4/17/18 regarding the City of Tusculum Wastewater System

Dear Mr. Greer and Board:

As per your order, the City of Tusculum engaged the assistance of the Municipal Technical Advisory Service to address your corrective action plan. Attached you will find the results of their study of our system with a five year projection that indicates a projected excess of revenues over expenses for FY18, and a continued positive change in net position through FY21.

To address the specific items in the referenced order:

1. MTAS provided assistance with our response
  - a. The City elected via Resolution 16-02 (attached) to adopt the "modified approach" depreciation method allowed by GASB34 for the wastewater system. That method of depreciation requires a three year review and inventory of all sewer assets; therefore, we do not have a five year capital asset plan. The August 2016 inventory and assessment of the system is also attached for your review; that process will be repeated in 2019. As a new system, we do not expect any capital maintenance or expenditures for several years.
  - b. The City has previously considered partnering with either the Town of Greeneville or the Town of Mosheim to accept our wastewater.
  - c. Before the City undertook the construction of a wastewater treatment facility, we tried diligently, but unsuccessfully, for several years to convince the Town of Greeneville to accept our wastewater, since they currently service several schools, businesses, and subdivisions within our City. Several years ago, the Greeneville Board of Mayor and Aldermen implemented a moratorium on adding any new connections outside their town limits. Connection to the Mosheim Wastewater System was determined to not be feasible due to the distance between our municipalities and the fact that the collector line would have to cross through Greeneville.
2. We have attached the requested information.

Page 2

August 7, 2018

Tennessee Water and Wastewater Financing Board

Please allow me to provide some “editorial comment”. Tusculum tried for many years to convince Greeneville to treat our wastewater with their treatment plant that operates at less than 60% capacity. The last time we tried, about 10 years or so ago, we had amassed about \$1.5 million in grant funding to build the collection infrastructure to attach to Greeneville’s system via a metered connection. Greeneville refused, and in fact imposed a moratorium on new connections outside their town limits.

The City then made the decision to pursue the construction of a STEP system to serve the approximately one mile of East Andrew Johnson Highway (US Hwy 11-E) located within our city limits with the expectation that the availability of this service would spur economic and commercial development along that corridor. We used about \$500,000 in EPA grants and about \$500,000 of our reserves to build the plant and collector system. The plant went online in early 2015.

In 2015, one existing business connected to our system. In 2016, another existing business connected. This slow start, which we expected, led to our deficits for those two years. In 2017, and again in 2018 so far, one new business each year has connected to the system, leading to our excess of revenue over expenses in the third year of operation.

We do expect business/commercial development to continue along the corridor serviced by our system, and our sewer ordinance requires all new commercial development to connect to our system. There are numerous undeveloped and available properties along this corridor, and we are confident that such development will occur over time and the wastewater system will add customers. Since our infrastructure and treatment capacity is in place, adding these new connections will not place a financial strain on our system.

For all these reasons, we do not believe that our wastewater system is “financially distressed”, and that it is on sound financial footing. Please contact me if you need further information, or if we need to be represented at your meeting that considers our response. Thank you for your consideration of our submissions.

Sincerely

  
Alan B. Corley, Mayor  
[tusculummayor@comcast.net](mailto:tusculummayor@comcast.net)  
(423) 823-1562

Attachments: City of Tusculum Sewer Fund Financial Projections (MTAS)  
City of Tusculum Resolution 16-02 adopting GASB34 modified depreciation  
Conditional Assessment of Assets, August 2016

**City of Tusculum Sewer Fund**  
**Financial Projections With No Changes**  
**Inflation at 2 %**  
**Schedule A-1**

	FY 2016 AUDITED	FY 2017 AUDITED	FY 2018 PROJECTED	FY 2019 BUDGET	FY 2020 PROJECTED	FY 2021 PROJECTED
<b>OPERATING REVENUES</b>						
Sewer service charges	\$ 1,509	\$ 8,436	\$ 15,644	\$ 16,000	\$ 16,000	\$ 16,000
Total Operating Revenues	1,509	8,436	15,644	16,000	16,000	16,000
<b>OPERATING EXPENSES</b>						
Utilities	2,671	2,949	3,413	4,000	4,080	4,162
Contract labor	1,875	1,999	2,149	2,500	2,550	2,601
Maintenance, fees, and permits	111	5,756	2,101	8,000	8,160	8,323
Total Sewer Operating Costs	4,657	10,704	7,663	14,500	14,790	15,086
<b>INCOME FROM OPERATIONS</b>	(3,148)	(2,268)	7,981	1,500	1,210	914
<b>Income Before Contributed Capital</b>	<b>(3,148)</b>	<b>(2,268)</b>	<b>7,981</b>	<b>1,500</b>	<b>1,210</b>	<b>914</b>
Transfer	(\$14,121)	\$39,402	\$0	\$0	\$0	\$0
Change in Net Position	(\$17,269)	\$37,134	\$7,981	\$1,500	\$1,210	\$914
Ending Net Position	\$1,007,311	\$1,044,445	\$1,052,426	\$1,053,926	\$1,055,136	\$1,056,050

Revenue is flat  
Expenses increase at 2%

# **Woodland Mills**



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Case: Woodland Mills**

**Staff Summary:**

No information has been received.

**Staff Recommendation:**

Order the following:

1. **The City shall request the Municipal Technical Advisory Service, the Tennessee Association of Utility Districts or another qualified expert to assist in completing the financial questionnaire sent by Board staff.**
2. **The City shall send the completed financial questionnaire and all supporting documentation to Board staff by February 15, 2019.**





JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

**MEMORANDUM**

**TO:** Water and Wastewater Financing Board  
**FROM:** Division of Local Government Audit - Municipalities and Utility Districts  
**SUBJECT:** Division of Local Government Audit Referral Pursuant to TCA 68-221-1010(a)

In accordance with the requirements of Tennessee Code Annotated, we are hereby filing the following vendor with the board(s) noted above.

Record Number: 1911 Vendor Name: Woodland Mills  Component Unit

Report Year: 6/30/2017 Utility Type: Sewer Date Received: 2/23/2018 Date Referred: 2/26/2018 Reviewer: SRW Report Status: Not Yet Reviewed

**FINANCIAL DISTRESS**

- A Has deficit net position for the fiscal year ended.
- B Decrease in net position for two consecutive years.

Fiscal Year End	Decrease in NP
6/30/2017	(\$5,328.00)
6/30/2016	(\$8,225.00)

- C Is in default on certain outstanding debt.

Holder of the Bonds, etc.	Principal	Interest

**WATER LOSS**

- D Water Loss Referral

**AWWA water audit info**

Water Loss Schedule - Status:  AWWA Excel File:

Validity score below the amount established by the board Validity Score:

Excessive non-revenue water % as established by the board Non-Rev Water %:   
(Non-Revenue Water as Percent by Cost of Operating System)

Comments:



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

April 10, 2018

The Honorable Wade Carrington  
City of Woodland Mills  
201 Cannon Moore Drive  
Woodland Mills, TN 38271-0153

Dear Mayor Carrington,

The Tennessee Comptroller of the Treasury has referred the City of Woodland Mills to the Water & Wastewater Financing Board (hereinafter "Board") 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 **June 15, 2018**. Please submit this to either [utilities@cot.tn.gov](mailto:utilities@cot.tn.gov), and/or the following mailing address:

Water & Wastewater Financing Board  
ATTN: John Greer  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

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. After we receive your information, we will decide whether it is necessary for the City to (1) meet with our staff or (2) go directly before the Board.

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

Sincerely,

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

John Greer  
Technical Secretary

enclosure  
cc (w/out encl.): Ms. Norma Fowler

# Miscellaneous

**2019**  
**Meeting**  
**Resolution**



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**BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD**

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**IN RE:**

**CALENDAR YEAR 2019 REGULAR MEETING SCHEDULE**

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**RESOLUTION**

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The Tennessee Water and Wastewater Financing Board (“WWFB”) met on November 15, 2018, and formally endorsed by resolution the following regular meeting schedule for calendar year 2019:

March 14

September 19

October 17

All meetings will begin at 10:00 am Central Time.

Entered this \_\_\_\_ day of November 2018.

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Ann V. Butterworth, Chair  
Utility Management Review Board

# **Water Loss Update**

## Water Loss Information

**THE AWWA FREE WATER LOSS SOFTWARE HAS BEEN UPDATED. FOR ANY AUDITS RECEIVED BY THE COMPTROLLER AFTER JANUARY 1, 2015, PLEASE BE SURE TO USE THE CORRECT FORM (version 5.0). THE FORM, NOW TWO PAGES LONG, IS LARGER AND MORE EASILY READ. BOTH PAGES SHOULD BE INCLUDED IN THE AUDIT REPORT.**

At a joint meeting of the Water and Wastewater Financing Board and the Utility Management Review Board on June 6, 2012, the Boards decided to reaffirm the October 7, 2010, decision to adopt the American Water Works Association (AWWA) water loss methodology for inclusion in any audited financial statements received by the Comptroller of the Treasury on or after January 1, 2013. The water loss methodology can be obtained from [www.AWWA.org](http://www.AWWA.org)

At the June 6, 2012, meeting the following was adopted by the Boards:

- I. Require that the AWWA Excel Spreadsheet (in the specific format created by utilizing the AWWA Free Water Audit Software) be submitted electronically in an Excel format. It is the intention of the Boards that the AWWA Excel spreadsheet be filed by the contracted auditor in Excel format at the same time the annual audited financial statements are filed. The Excel spreadsheet is not considered audited information, but only submitted simultaneously.
- II. In accordance with TCA 68-221-1010(d)(1) and TCA 7-82-401(h)(1), failure to include the required schedule constitutes excessive water loss and...referral to the appropriate board. ***THEREFORE, failure to include the AWWA schedule in audited financial statements received by the Comptroller of the Treasury on or after January 1, 2013, will result in the System being referred to the appropriate Board.***
- III. Further, utilities will be referred to the Boards based on:
  - A. Incomplete AWWA water audit submitted anytime on or after January 1, 2013;
  - B. For audits received by the Comptroller of the Treasury from 1/1/2015 to 12/31/2016 -Validity score of 70 or less or non-revenue water as a percent by cost of operating system of 25% or greater;
  - C. For audits received by the Comptroller of the Treasury from 1/1/2017 to 12/31/2018 - Validity score of 75 or less or non-revenue water as a percent by cost of operating system of 20% or greater;
  - D. For audits received by the Comptroller of the Treasury from 1/1/2019 to 12/31/2020 Validity score of 80 or less or non-revenue water as a percent by cost of operating system of 20% or greater.

**Next WWFB  
Regular Meeting**

**March 14, 2019**



# **Open Member Discussion**