



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

Agenda  
Water and Wastewater Financing Board  
September 19, 2019  
10:00 AM

- |  |                 |
|--|-----------------|
| I. Call to Order                               | Ann Butterworth |
| II. Approval of Minutes                        | Ann Butterworth |
| III. Entities Referred for Financial Distress  |                 |
| a. Financial Updates- Staff Recommended Action |                 |
| i. Town of Alexandria- page 18                 |                 |
| ii. Town of Atwood- page 30                    |                 |
| iii. Town of Baileyton- page 36                |                 |
| iv. City of Benton- page 47                    |                 |
| v. City of Bethel Springs- page 59             |                 |
| vi. City of Blaine- page 67                    |                 |
| vii. City of Clarksburg- page 73               |                 |
| viii. City of Copperhill- page 86              |                 |
| ix. City of Dunlap- page 93                    |                 |
| x. City of Friendship- page 105                |                 |
| xi. Town of Gates- page 114                    |                 |
| xii. City of Graysville- page 119              |                 |
| xiii. City of Harriman- page 125               |                 |
| xiv. City of Harrogate- page 135               |                 |
| xv. Town of Hornbeak- page 144                 |                 |
| xvi. Town of Huntland- page 148                |                 |
| xvii. Lauderdale County- page 159              |                 |
| xviii. City of Luttrell- page 176              |                 |
| xix. Metro Moore County- page 179              |                 |
| xx. Town of Michie- page 185                   |                 |
| xxi. City of New Johnsonville- page 190        |                 |
| xxii. Town of Parrottsville- page 201          |                 |
| xxiii. Town of Petersburg- page 204            |                 |
| xxiv. City of Pikeville- page 211              |                 |
| xxv. Roane County- page 215                    |                 |
| xxvi. Town of Rogersville- page 221            |                 |
| xxvii. Town of Sharon- page 230                |                 |
| xxviii. Town of Sneedville- page 233           |                 |
| xxix. City of South Fulton- page 239           |                 |

- xxx. Town of Spring City- page 241
- xxxi. City of Spring Hill- page 248
- xxxii. Town of Stanton- page 261
- xxxiii. City of Sunbright- page 264
- xxxiv. Town of Tracy City- page 266
- xxxv. City of Wartburg- page 269
- xxxvi. City of Watertown- page 275
- xxxvii. City of Woodland Mills- page 284

IV. Miscellaneous

# Approval of Minutes





JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**MINUTES**  
**WATER and WASTEWATER FINANCING BOARD MEETING**  
**March 14, 2019**  
**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**

Ann Butterworth, Chair, Comptroller Designee  
Tom Moss, Department of Environment and Conservation (TDEC), Commissioner Designee  
Randy Wilkins, representing utility districts  
Eugene Hampton, representing government finance  
Jim Redwine, representing environmental interests  
Nick Newman, active employee of municipal water system  
Rick Graham, representing municipalities

**Members Absent**

Drexel Heidel, active employee of a water utility district  
VACANT, representing manufacturing interests

**Staff Present**

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

**Counsel Present**

Rachel Buckley, Comptroller's Office

**Others Present & Addressing the Board**

Mark Graves, Chapel Hill City Manager  
Danny Jowers, Kenton Mayor  
Buddy Petty, Rate Studies Inc.  
Stephania Motes, Spring City Manager

**Approval of Minutes**

Ms. Butterworth presented the November 15, 2018 minutes for approval. Mr. Wilkins offered the alteration of minutes to indicate that he was not present at the November 15, 2018 meeting. Mr. Newman moved to approve with Mr. Wilkins' alteration, Mr. Hampton seconded, and the motion passed unanimously.

### **Staff Updates**

Mr. Greer introduced the new staff, Ross Colona.

Mr. Greer then indicated any updates that did not warrant Board action would not be addressed at the meeting, but were sent to the Board in a separate informational packet.

### **Financial Distress**

#### **City of Bethel Springs**

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

1. The Town shall have the Municipal Technical Advisory Service (“MTAS”), the Tennessee Association of Utility Districts (“TAUD”), or another qualified expert, as approved by Board staff, assist in completing the financial questionnaire previously sent by Board staff.
2. The Town shall send the completed financial questionnaire and all supporting documentation to Board staff by May 31, 2019.

Mr. Moss asked what would then happen if the entity did not comply with the order. Ms. Buckley answered that it would be up to the Board’s discretion, but the entity could be referred to the Attorney General for judicial proceedings.

Mr. Graham then suggested the recommendations be amended to include a statement requiring the case to be sent to the Office of the Attorney General should the City fail to comply with the Board’s order. The Board agreed with this recommendation.

Mr. Redwine asked if the Board has the ability to call a special meeting in instances to follow up on cases in which an entity did not follow an order. Chairman Butterworth confirmed that this was a possibility.

Mr. Graham moved to adopt Staff’s recommendations with his amendment. Mr. Moss seconded. The motion passed unanimously.

#### **City of Chapel Hill**

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

1. The City shall have MTAS, TAUD, or another qualified expert, as approved by Board staff, assist in completing the financial questionnaire previously sent by Board staff.
2. The City shall send the completed financial questionnaire and all supporting documentation to Board staff by May 31, 2019.

Mr. Greer introduced Mark Graves, Chapel Hill City Manager to the Board, who was allowed to address the Board. Mr. Graves relayed to that the City is being proactive in their attempt of corrective action for their financial status. Mr. Graves told the Board that as of 3/11/19, the City raised rates by 45%.

Mr. Newman asked what the 45% was based upon. Mr. Graves answered that it was a recommendation as a result from an MTAS rate analysis. Mr. Graves indicated that neither the existence nor the findings of the rate study had been shared with Board staff.

Mr. Hampton asked if the rate increase had been approved by the public or if there was public discussion regarding the issue. Mr. Graves answered that the public was well-informed on the rate increase.

Given the information provided by Mr. Graves, Mr. Greer altered Staff recommendations:

1. The Town shall send financial updates to Board staff by March 1 and September 1 of each year, beginning March 1, 2020, until the Board releases the Town from its oversight.

Mr. Moss moved to adopt the new Staff recommendations. Mr. Wilkins seconded. The motion passed unanimously.

### **City of Dunlap**

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

1. The City shall have MTAS, TAUD, or another qualified expert as approved by Board staff assist in completing the financial questionnaire previously sent by Board staff.
2. The City shall send the completed financial questionnaire and all supporting documentation to Board staff by May 31, 2019.
3. If the City does not comply with the contents of this order, the case will be referred to the Office of the Attorney General for enforcement proceedings.

Mr. Newman moved to adopt. Mr. Moss seconded. The motion passed unanimously.

### **City of Friendship**

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

1. The City shall have MTAS, TAUD, or another qualified expert, as approved by Board staff, assist in completing the questionnaires previously sent by Board staff.
2. The City shall send the completed questionnaires and all supporting documentation to Board staff by May 31, 2019.
3. If the City does not comply with the contents of this order, the case will be referred to the Office of the Attorney General for enforcement proceedings.

Mr. Moss informed the Board that the City previously had a contaminated water supply and had to drill new wells.

Mr. Wilkins moved to adopt. Mr. Hampton seconded. The motion passed unanimously.

### **Town of Greenfield**

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

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

Mr. Newman moved to adopt. Mr. Redwine seconded. The motion passed unanimously.

### **Grundy County Wastewater**

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

1. By April 15, 2019, the County shall contract with the County Technical Assistance Service (“CTAS”), TAUD, or another qualified expert approved by Board staff to:
  - a. complete a rate analysis of the wastewater system with recommendations to correct the County’s financial deficiencies;
  - b. create a customer contract;
  - c. create a rate and fee policy; and
  - d. create a five-year capital asset budget.
2. The County shall implement the recommendations, customer contract, rate and fee policy, and five-year capital asset budget as developed by the qualified expert by July 15, 2019.
3. The County shall send the completed rate analysis and accompanying recommendations, the customer contract, the rate and fee policy, the five-year capital asset budget, and all supporting documentation to Board staff by July 31, 2019.
4. Board staff is given the authority to grant one extension up to six months of the foregoing deadlines upon a showing of good cause by the County.

Mr. Moss asked whether the length of the extension granted by Board staff would be limited. Ms. Buckley answered that the way the recommendation is written, the length of time is indefinite. After discussion, the Board amended the recommendations to allow Staff to grant an extension of up to 6 months.

Mr. Redwine moved to adopt the recommendations as amended. Mr. Wilkins seconded. The motion passed unanimously.

### **City of Harrogate**

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

1. By April 15, 2019, the City shall contract with MTAS, TAUD, or another qualified expert approved by Board staff to:
  - a. complete a rate analysis of the wastewater system with recommendations to correct the City’s financial deficiencies;
  - b. create a capitalization policy; and
  - c. create a five-year capital asset budget.
2. The City shall implement the recommendations, customer contract, rate and fee policy, and five-year capital asset budget as developed by the qualified expert by July 15, 2019.

3. The City shall send the completed rate analysis and accompanying recommendations, the customer contract, the rate and fee policy, the five-year capital asset budget, and all supporting documentation to Board staff by July 31, 2019.
4. Board staff is given the authority to grant one extension up to six months of the foregoing deadlines upon a showing of good cause by the City.

Mr. Wilkins moved to adopt. Mr. Graham seconded. The motion passed unanimously.

### **Town of Jasper**

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

2. By April 15, 2019, the Town shall contract with MTAS, TAUD, or another qualified expert as approved by Board staff to:
  - a. complete a rate analysis;
  - b. justify the disparity between the inside and outside minimum water and sewer rates; and
  - c. create a five-year capital asset budget.
3. The Town shall send the completed rate analysis, the justification for the differing rates, the five-year capital asset budget, and all supporting documentation to Board staff by July 31, 2019.
4. Board staff is given the authority to grant one extension up to six months of the foregoing deadlines upon a showing of good cause by the Town.
5. The Town shall send financial updates to Board staff by March 1 and September 1 of each year, beginning March 1, 2020, until the Board releases the Town from its oversight.

Mr. Newman moved to adopt. Mr. Moss seconded. The motion passed unanimously.

### **Town of Kenton**

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

1. By April 15, 2019, the Town shall contract with MTAS, TAUD, or another qualified expert as approved by Board staff to:
  - a. complete a rate analysis; and
  - b. justify the disparity between the commercial and residential water and sewer rates.
2. The Town shall send the completed rate analysis, the justification for the differing rates and all supporting documentation to Board staff by July 31, 2019.
3. The Town shall recover legally available revenue not billed due to statement errors in consult with its attorney. The Town shall submit to Board staff an update of these efforts by July 31, 2019.
4. Board staff is given the authority to grant one extension up to six months of the foregoing deadlines upon a showing of good cause by the Town.
5. The Town shall send financial updates to Board staff by March 1 and September 1 of each year, beginning September 1, 2019, until the Board releases the Town from its oversight.



Mr. Greer indicated that Mayor Danny Jowers of Kenton was present and wished to address the Board. Chairman Butterworth approved.

Mr. Jowers informed the Board of Kenton's current financial status along with their strides to improve. Mr. Jowers began by addressing the Town's depreciation costs in the enterprise fund. The Town spent \$1,000,000 to build a 12-inch waterline for the factory, which went bankrupt 18 months later. However, the Town still had to depreciate these costs. Mr. Jowers explained that the factory was supposed to provide \$15,000 a year in water bills, but instead the Town became responsible for \$68,000 a year in depreciation.

Mr. Jowers then notified the Board that in 2016, the Town found that the two water tanks desperately needed maintenance. American Tank Maintenance contacted the Town of Kenton regarding maintaining these two water tanks for a large sum of money at the beginning of their agreement and a small amount of money at the end of their ten-year agreement. Mr. Jowers said that the last payment for this is in 2020; the payment will drop from \$49,000 to \$24,000. Mr. Jowers expressed disdain that this cost had to be recorded as a maintenance cost rather than depreciation because the maintenance extended the useful life of the water tank.

Mr. Jowers then expressed that water loss in the town has decreased by 50% in the last two years, and new meters have increased water sales by 8%. This will help bring in \$21,000 more revenue over a year.

Mr. Jowers then stated that the billing system had not been billing commercial accounts for any usage over 2,000 gallons of water, but these accounts were being charged correctly for sewer. As a result, 1.2 million gallons of water were unbilled, so when billed correctly, the Town will gain an additional \$5,400 per Mr. Jowers' calculations. Also several accounts were being billed as residential, when they should have been billed as commercial. The Town has adopted a new leak adjustment policy, which will bring in an additional \$3,000 when implemented. Mr. Jowers explained with these changes revenue will increase by \$29,520 coming into the system.

Mr. Jowers indicated to the Board that he plans to go to his local Board and call for an increase in sewer rates to bring in an additional \$11,000 in revenue.

Chairman Butterworth asked if this information was provided to Board staff prior to the Board meeting.

Mr. Jowers answered by saying that some of this information was relayed, but numbers were never conveyed to Board staff. Mr. Jowers commented on whether things should be listed as a fixed expense or depreciation.

Chairman Butterworth commented that this Board does not set accounting standards.

Mr. Hampton asked whether the rate increase that Mr. Jowers will recommend to his local Board is based on a rate study or another source of information.

Mr. Jowers answered that he is going to recommend to his Board that the Consumer Price Index or another metric be used to increase rates every year.

Mr. Hampton asked how many customers are in the system. Mr. Jowers answered 585. Mr. Hampton remarked that if Mr. Jowers would change the 2,000 gallon level of rates, then more revenue could be brought in without raising overall rates. Mr. Jowers responded that he believes their sewer rates are not high enough because he personally feels that it costs just as much to do sewer as it does water. Mr. Moss, Mr. Wilkins, Mr. Newman, and Mr. Graham all commented that sewer is usually higher if not double the cost of water.

Mr. Redwine asked if there are any Staff recommendations that Mr. Jowers feels are unnecessary or that he objects to.

Chairman Butterworth asked Mr. Greer if with the new information if Staff wishes to alter the recommendations. Mr. Greer indicated that he still did not wish to adjust his recommendations, as a rate study by a qualified expert is necessary to provide the Board with solid information so that it may more effectively assist the Town.

Mr. Jowers indicated that a rate study would not have caught the billing error on commercial accounts.

Chairman Butterworth informed Mr. Jowers that the Board is currently on the topic of the rate study not the commercial billing. Chairman Butterworth explained that the purpose of a rate analysis is to find the appropriate rate for an individual circumstance, thus increasing collections does not negate the need for a rate analysis.

Mr. Jowers indicated that his intent was to show the Board how the Town could be more profitable, including by cutting expenditures without raising rates. Chairman Butterworth informed Mr. Jowers that a rate analysis does not prevent expenditure cuts to occur. Chairman Butterworth continued to the third Staff recommendation regarding collecting unbilled commercial water usage.

Chairman Butterworth explained that the purpose of the recommendations is that Mr. Jowers will consult with the Town's attorney in order to find if there are legal remedies for this situation. Mr. Jowers answered that he will do this and speak with his attorney on this matter.

Mr. Hampton explained that a similar situation occurred in Smyrna and Murfreesboro in which utilities back-billed the customers. Mr. Hampton explained that the legal right is on the Town's side to back-bill. Further, at least with utilities, and there is no legal remedy to forgive under collection.

Mr. Jowers expressed his refusal to bill these customers for issues with billing.

Mr. Hampton noted that while Mr. Jowers was unwilling to back-bill, he was willing to raise rates, but Mr. Hampton did not see the difference between the two.

Mr. Redwine moved to adopt Staff's recommendations. Mr. Hampton seconded. The motion passed unanimously.

### **City of Luttrell**

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

1. The City shall perform all requirements of the Board's November 28, 2018 order, by June 15, 2019.
2. The City shall provide an update to Board staff on the City's compliance with this order, including submitting all supporting documentation provided in the cost of service study by June 30, 2019.

Mr. Greer introduced Buddy Petty of Rate Studies, Inc. who was present on behalf of the City. Chairman Butterworth allowed Mr. Petty to address the Board.

Mr. Petty stated that he was contracted on February 19, 2019 to complete a rate study.

Mr. Redwine asked if the system could be consolidated with, or the administrative tasks assigned to, another system. Mr. Greer answered that there was not a system in close proximity .

Mr. Moss asked if there were steps taken to prevent the theft that occurred in Luttrell from occurring again. Mr. Greer answered that the City has implemented internal controls and precautions to prevent a theft from reoccurring.

Mr. Redwine asked if there had to be consent on both sides for two systems to merge. Ms. Buckley answered that all sides had to consent to the terms of the consolidation.

Mr. Redwine moved to adopt Staff's recommendations. Mr. Newman seconded. The motion passed unanimously.

### **City of Mountain City**

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

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

Mr. Greer explained to the Board that Mountain City has recently implemented the findings of an MTAS rate study.

Mr. Hampton asked if the implementation occurred before or after City officials were subpoenaed before the Board. Mr. Greer answered that it was before.

Mr. Greer introduced Mayor Kevin Parsons to the Board. Chairman Butterworth allowed Mr. Parsons to address the Board.

Mr. Parsons explained why inside rates were different from outside rates. The Mayor offered that with the implementation of the rate study, the City's financials should be fine.

Chairman Butterworth moved to adopt Staff's recommendations. Mr. Newman seconded. 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 send financial updates to Board staff by March 1 and September 1 of each year, beginning September 1, 2019, until the Board releases the Town from its oversight.

Mr. Wilkins moved to adopt Staff recommendations. Mr. Newman seconded. The motion passed unanimously.

### **City of South Fulton**

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

1. The Town shall have MTAS, TAUD, or another qualified expert as approved by Board staff, perform a rate study and assist with creating a 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 June 30, 2019.

Mr. Newman asked if there was a stated reason for the 3.7% rate increase the City had implemented. Mr. Greer answered no.

Mr. Graham moved to adopt Staff recommendations. Mr. Hampton seconded. The motion passed unanimously.

### **City of Spencer**

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

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

Chairman Butterworth moved to adopt Staff recommendations. Mr. Graham seconded. The motion passed unanimously.

### **Town of Spring City**

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

1. The Town shall have MTAS, TAUD, or another qualified expert, as approved by Board staff, perform a rate study to include:

- a. recommendations to remedy the Town’s financially distressed position; and
  - b. justification for the higher rates on outside customers.
2. The Town shall provide an update to Board staff with the completed rate study and an implemented or proposed plan of action by June 30, 2019.

Mr. Greer introduced Stephania Motes, City Manager of Spring City to the Board. Chairman Butterworth allowed Ms. Motes to address the Board.

Ms. Motes discussed the Town’s proactive nature in the past year to rectify the situation regarding the water issues. The Town’s board is considering lowering its minimum bill from 2,000 gallons to 1,500. Ms. Motes told the Board that they have implemented a 3% increase in water and sewer rates annually, but may increase that to 5%. The City also intends to adjust its various fees, including tap and maintenance fees. A neighboring utility district recently stopped purchasing water from the Town. Ms. Motes indicated that the Town is attempting to renegotiate with the utility to regain it as a customer. Ms. Motes reiterated that the Town is attempting to be proactive, but it is still not yet where it needs to be.

Chairman Butterworth asked why the findings of a 2017 rate analysis were not implemented. Ms. Motes answered that at the time the local Board felt the rate increases were too harsh, but now with several changes they realize they may be necessary.

Mr. Hampton asked that if the utility district was purchasing water if they had thought of a merger. Ms. Motes answered that it has been talked about, but the two boards have differing opinions, which has previously made it difficult to consider a consolidation.

Chairman Butterworth moved to adopt Staff’s recommendations. Mr. Moss seconded. The motion passed unanimously.

### **City of Watertown**

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

1. The City shall have MTAS, TAUD, or another qualified expert, as approved by Board staff, assist in completing the financial questionnaire previously sent by Board staff.
2. The City shall send the completed financial questionnaire and all supporting documentation to Board staff by May 31, 2019.
3. If the City does not comply with the contents of this order, the Case will be passed to the Office of the Attorney General for Judicial Proceedings.

Mr. Graham moved to adopt Staff’s recommendations. Mr. Moss seconded. The motion passed unanimously.

### **City of Woodland Mills**

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

1. The City shall have MTAS, TAUD, or another qualified expert, as approved by Board staff, assist in completing the financial questionnaire previously sent by Board staff.

2. The City shall send the completed financial questionnaire and all supporting documentation to Board staff by May 31, 2019.
3. If the City does not comply with the contents of this order, the case will be referred to the Office of the Attorney General for enforcement proceedings.

Mr. Wilkins moved to adopt Staff's recommendations. Mr. Hampton seconded. The motion passed unanimously.

### **Recommended for Release**

Mr. Greer then indicated that several entities have complied with the directives of the Board and that Staff recommended them for release from the Board's oversight. Mr. Greer suggested that the Board vote to release all recommended financially distressed entities with one vote and all recommended water loss entities with one vote, rather than releasing them on a by-entity basis.

The Board agreed with this suggestion.

### **Previously Referred Entities for Financial Distress Recommended for Release**

**Town of Bluff City**  
**Town of Cumberland Gap**  
**Town of Englewood**  
**Town of Gainesboro**  
**Town of Mitchellville**  
**Town of Monterey**  
**City of Munford**  
**City of Westmoreland**

Chairman Butterworth moved that the foregoing entities for be released from the Board's oversight regarding their financial distress referrals. Mr. Graham seconded the motion. The motion passed unanimously.

### **Previously Referred Entities for Water Loss Recommended for Release**

#### **Non-Revenue Water**

**City of Bluff City**  
**City of Brentwood**  
**Town of Byrdstown**  
**City of Cowan**  
**Dowelltown-Liberty Waterworks**  
**Town of Kenton**  
**City of La Vergne**  
**City of Lebanon**  
**Town of Maury City**  
**City of Red Boiling Springs**

**Town of Signal Mountain**  
**Town of Smyrna**

### **Validity Score**

**City of Bluff City**  
**Town of Estill Springs**  
**Lauderdale County Water System**  
**City of Loudon**  
**Town of Maynardville**  
**Town of McLemoresville**  
**City of Millington**  
**City of Smithville**  
**Town of Tiptonville**

Chairman Butterworth moved that the foregoing entities be released from the Board's oversight regarding their water loss referrals. Mr. Graham seconded the motion. The motion passed unanimously.

### **Miscellaneous**

#### **Referred for Missing Training**

Mr. Greer indicated that the following entities were referred for having commissioners who missed training requirements:

**Town of Henning**  
**City of Murfreesboro**  
**Town of Winchester**

Mr. Greer told the Board that since their entities' referrals, all commissioners have met the training requirements and recommended the Board take no action.

#### **Water Loss Update**

Mr. Greer explained to the Board that as of January 1, 2019, the validity score requirement changed to 80. Also, a new version of AWWA is forthcoming. Mr. Greer informed the Board that water loss will be discussed in more detail at future Board meetings.

**Resolution**

Chairman Butterworth brought a resolution to be signed honoring former Board member Kenneth Wiggins.

**2019 WWFB Meeting Schedule**

Mr. Greer reminded the Board that its next meeting is scheduled for September 19, 2019.

**Member Discussion**

Mr. Hampton mentioned that Consolidated Utility District would like to see a change to depreciation rules. Mr. Greer informed Mr. Hampton that this should be brought up to the Tennessee Utility Management Review Board and that he should speak with the Division of Local Government Audit with the Comptroller's office.

Mr. Redwine asked if there were plans for the Board to review the TNH20 plan. Mr. Greer answered that Board staff has reviewed the plan; however, currently there is no avenue for the Board to get involved with the plan.

Chairman Butterworth asked for other discussion. Seeing none, Mr. Graham moved to adjourn. Mr. Hampton seconded the motion.

Chairman Butterworth adjourned the meeting at 11:43 AM.

Respectfully submitted,

Ann Butterworth  
Chairman



# Financially Distressed Recommendations





# Alexandria

Entity Type  
Town

County  
DeKalb

Type  
Water and Sewer

Details	2016	2017	2018
Revenue	\$640,817.00	\$680,293.00	\$702,683.00
Expenses	\$655,610.00	\$713,706.00	\$804,844.00
Operating Revenue	\$(14,793.00)	\$(33,413.00)	\$(102,161.00)
Non-Operating Revenues (Expenses)	\$(29,964.00)	\$(30,131.00)	\$(29,122.00)
Grants, Capital Contributions, Transfers	\$-	\$-	\$-
GAAP Change in Net Position	\$(44,757.00)	\$(63,544.00)	\$(131,283.00)
Grants, Capital Contributions, Transfers In	\$-	\$-	\$-
Statutory Change in Net Position (2017 Law)	\$(44,757.00)	\$(63,544.00)	\$(131,283.00)
Statutory Change in Net Position (2018 Law)			\$(131,283.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$-	\$-



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Deputy Comptroller

## Case: Town of Alexandria

### Staff Summary:

On November 25, 2018, the Board ordered the following:

1. The Town shall have the Municipal Technical Advisory Service (“MTAS”), the Tennessee Association of Utility Districts (“TAUD”), or another qualified expert perform an updated rate analysis to include the following:
  - a. a review of the \$6.00 depreciation charge and the 11% overage increase that the Town recently implemented;
  - b. a review of the cost of capital improvement projects and a rate structure to fund such projects;
  - c. creation of a capitalization policy;
  - d. creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs and a plan for implementing said budget; and
  - e. 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.

### Old Rates

Alexandria	Water- Inside Town Limits	Water- Outside	Sewer- Inside
First 2,000	\$ 26.00	\$ 31.52	\$ 31.52
Per 1,000 After	\$ 7.77	\$ 8.22	\$ 7.77

### New Rates

Alexandria	Water- Inside Town Limits	Water- Outside Town (No Sewer)	Outside Town 2" (New Waterline Ext.)	Sewer Rates
First 2,000	\$26.00	\$34.52	\$53.75	\$ 20.00
Per 1,000 After	\$10.40	\$12.48	\$ 12.48	\$ 10.40

Staff spoke with MTAS and confirmed that they had no justification for the difference between rate classes. MTAS took the existing rate structure found in the audit and determined the



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

percentage of revenue needed based on customer usage numbers; the rates in the audit were not the current rates that should have been used in the rate study.. The rates used in the study were not accurate as Alexandria had rolled the \$6.00 depreciation charge into the minimum bill.

**Staff Recommendation:**

Order the Town to comply with the following:

1. The Town shall hire the Tennessee Association of Utility Districts or a qualified expert as approved by Board staff, to perform a cost of service study that includes the following:
  - a. provide a justification of the varying rate classes if possible, and
  - b. include recommendations for a justifiable and reasonable rate structure.
2. By October 31, 2019, the Town shall send Board Staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
3. By February 28, 2020, the Town shall provide Board staff with the completed cost of service study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
4. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Town.

# Town of Alexandria

Office of the Mayor  
P.O. Box 277  
102 High Street  
Alexandria, Tennessee 37012  
Phone: (615)529-2171 Fax: (615)529-4345

April 17, 2019

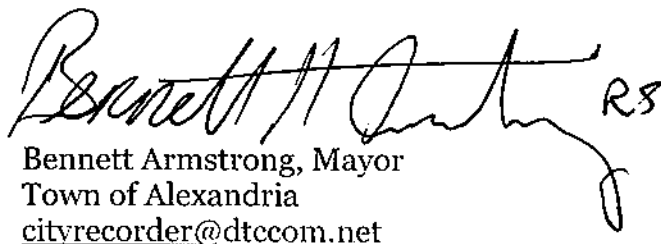
Ann V. Butterworth, Chair  
Water and Wastewater Financing Board  
Sent via email: [utilities@cot.tn.gov](mailto:utilities@cot.tn.gov)

Dear Ms. Butterworth;

In response to the Order dated November 28, 2018; please find attached the required rate analysis of the Town of Alexandria Water Department, performed by the Municipal Technical Advisory Service. Included in the analysis, please note the removal of the \$6.00 depreciation charge and the addition of a comprehensive rate structure required to support the planned capital improvements and promote the financial stability of the fund. Our Board accepted the findings of the rate analysis and approved the implementation at a special called meeting on April 11<sup>th</sup>, 2019. The ordinances required to implement the rate change and capital asset budget will have their first reading on May 28<sup>th</sup> and second reading on June 25<sup>th</sup> during our regular business meetings. These ordinances will have an effective date of July 1<sup>st</sup> 2019. Our capitalization policy is currently being reviewed and will be updated and read as a resolution on May 28<sup>th</sup> effective immediately upon passing. Our Board had previously addressed the issue of the Town's leak policy by opting into the Water Leak Protection offered by ServLine Insurance on November 15, 2018. In doing so, we have protected the water revenue that previously had been adjusted off due to customer leaks.

As the resolution/ordinance(s) are approved, we will update the Board with copies of the aforementioned documents. Please feel free to reach out to Elizabeth Tetlow, MFO/City Recorder or myself for any additional information required.

Thank you for your time and effort in this matter.

 RS  
Bennett Armstrong, Mayor  
Town of Alexandria  
[cityrecorder@dtccom.net](mailto:cityrecorder@dtccom.net)

ORDINANCE NO. 2018-7

AN ORDINANCE OF THE TOWN OF ALEXANDRIA, TENNESSEE  
TO UPDATE WATER AND SEWER FEES

WHEREAS, Title 7 of the Tennessee Code empowers the Town of Alexandria to own and operate a municipal water and sewer system; and

WHEREAS, §7-34-115 of the Revenue Bond Law states, User charges, rates, fees shall reflect the actual cost of providing the services rendered; and

WHEREAS, the Town has determined that existing fees associated with water and sewer service need to be updated so that they do reflect the actual cost of providing the service.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE TOWN OF ALEXANDRIA, TENNESSEE, THAT:

Section 1: All previously adopted or utilized water and sewer rates and fees are hereby repealed in their entirety and replaced with new Water and Sewer Rates, Other Water Charges and Tapping Fee.

Section 2: **Water and Sewer Rates**

Minimum Bill Rates		
<u>Inside City Limits with Sewer</u>	<u>Outside City (no sewer)</u>	<u>Outside City 2" (new waterline ext)</u>
\$26.00 (1 <sup>st</sup> 2000 gallons water)	\$34.52 (1 <sup>st</sup> 2000 gallons)	\$53.75 (1 <sup>st</sup> 2000 gallons)
\$2.54 tax (9.75%)	\$3.37 (tax)	\$5.24 (tax)
<u>\$20.00 (1<sup>st</sup> 2000 gallons sewer)</u>	<u>Not Applicable</u>	<u>Not Applicable</u>
\$48.54 Total Minimum Bill	\$37.89	\$58.99

Water Usage Rates Over 2000 Gallons		
<u>Inside City Limits with Sewer</u>	<u>Outside City (no sewer)</u>	<u>Outside City 2" (new waterline ext)</u>
\$10.40 / 1000 gallons	\$12.48 / 1000 gallons	\$12.48 / 1000 gallons
\$1.04 / 100 gallons	\$1.248 / 100 gallons	\$1.248 / 100 gallons

Sewer Usage Rates Over 2000 Gallons		
<u>Inside City Limits with Sewer</u>	<u>Outside City (no sewer)</u>	<u>Outside City 2" (new waterline ext)</u>
\$10.40 / 1000 gallons	Not Applicable	Not Applicable
\$1.04 / 100 gallons		

Section 3: **Other Water Charges**

Late Penalty (After the 10<sup>th</sup>) 9.1%

Non Payment Fee: \$50.00 (added to accounts that are NOT paid by midnight of the 19<sup>th</sup>)

New Customer Connection Fee: \$75.00

(Connection fee and tap fee shall be paid before they can be provided)

Section 4: **Water and Sewer Tapping Fees**

The following fees are based upon water or sewer mains which abut the property. Where mains do not abut the property, individually determined fees based on the cost of installation shall apply. Water and Sewer Taps are only installed by the Town's approved contractor.

Water Tap Fee (3/4" meter)	\$2500.00
Larger water meter size:	Cost of the installation determined by location details.
Sewer Tap Fee (3/4" water meter)	\$3000.00

The home owner is financially responsible for any additional charges assessed due to hitting rock or any required boring.

Section 5: **Date of Effect.** This ordinance shall take effect on July 1, 2019, the public welfare requiring it.

Passed First Reading May 28, 2019  
Passed Second Reading June 25, 2019

  
MAYOR  
  
CITY RECORDER

**RESOLUTION 20190528-C**

**A RESOLUTION OF THE TOWN OF ALEXANDRIA, TENNESSEE TO SET THRESHOLD FOR CAPITALIZATION**

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

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

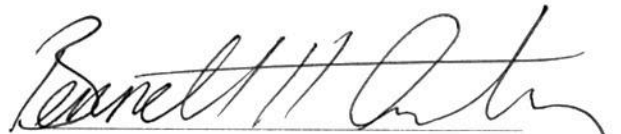
**NOW THEREFORE, BE IT RESOLVED** by the Town of Alexandria, Tennessee Mayor and Board of Aldermen that the following dollar levels set the thresholds that apply to these asset classes:

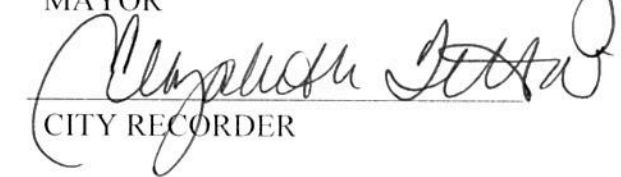
Land .....	\$500
Buildings .....	\$10,000
Improvements Other Than Buildings .....	\$5,000
Equipment .....	\$2,500
Infrastructure .....	\$10,000
Construction in Process.....	Tied to asset class

This resolution will take effect immediately upon passage.

Passed First Reading

May 28, 2019

  
 \_\_\_\_\_  
 MAYOR

  
 \_\_\_\_\_  
 CITY RECORDER



## Town Alexandria Utility Financial Review

	FY 2015-16	FY 2016-17	FY 2017-18
Operating Revenue	\$640,817	\$680,293	\$702,683
Operating Expenses	<u>\$655,610</u>	<u>\$713,706</u>	<u>\$804,844</u>
Operating Income(Loss)	(\$14,793)	(\$33,413)	(\$102,161)
Nonoperating Rev (Exp)	<u>(\$29,964)</u>	<u>(\$30,131)</u>	<u>(\$29,122)</u>
Income (Loss) Before Contr	(\$44,757)	(\$63,544)	(\$131,283)
Capital Contr – Block Grant	\$0	\$0	\$0
Capital Contr – Tap Fees	\$0	\$0	\$0
Changes in Net Position *	(\$44,757)	(\$63,544)	(\$131,283)

*\*Change in Net Position as defined by the  
Governmental Accounting Standards Board*

*Town of Alexandria's  
Financial Statements*

## State of Tennessee Change in Net Position

- Items that have a positive effect on net position:
  - Positive income from operations
  - Positive nonoperating revenue (interest earnings)
  - ~~Grants~~
  - ~~Contributions~~
- Items that have a negative effect on net position:
  - Negative income from operations
  - Nonoperating expenses (interest payments)
  - Transfers out

## Town Alexandria Utility Financial Review

	FY 2015-16	FY 2016-17	FY 2017-18
Operating Revenue	\$640,817	\$680,293	\$702,683
Operating Expenses	<u>\$655,610</u>	<u>\$713,706</u>	<u>\$804,844</u>
Operating Income(Loss)	(\$14,793)	(\$33,413)	(\$102,161)
Nonoperating Rev (Exp)	(\$29,964)	(\$30,131)	(\$29,122)
Income (Loss) Before Contr*	(\$44,757)	(\$63,544)	(\$131,283)
Capital Contr – Block Grant	\$0	\$0	\$0
Capital Contr – Tap Fees	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Changes in Net Position	(\$44,757)	(\$63,544)	(\$131,283)

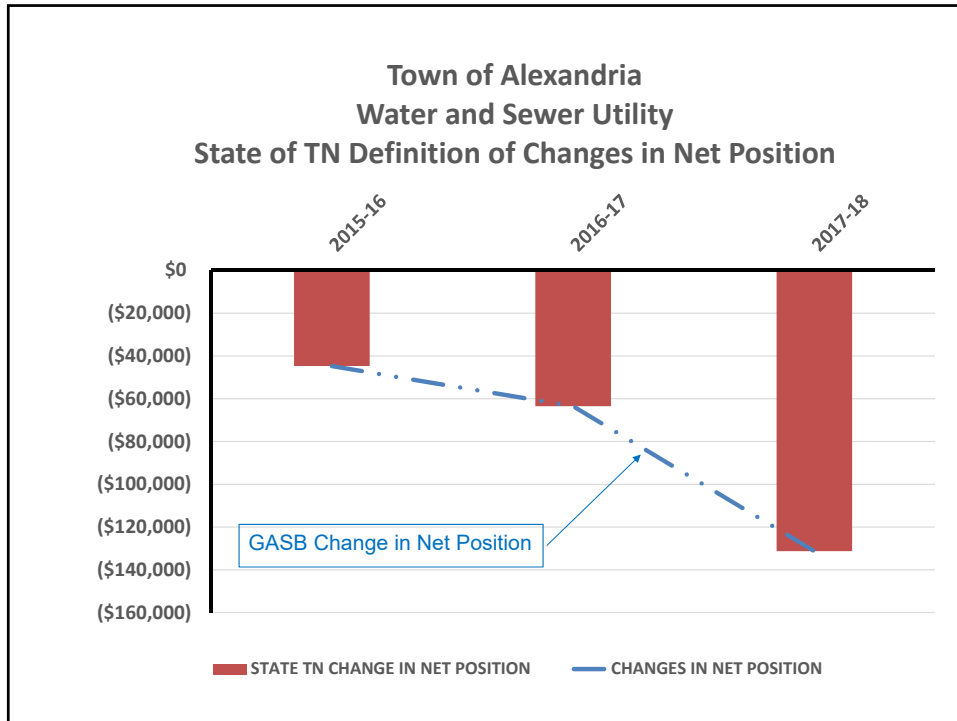
\*Change in Net Position as defined by the State of Tennessee

Town of Alexandria's Financial Statements

## Changes in Net Position

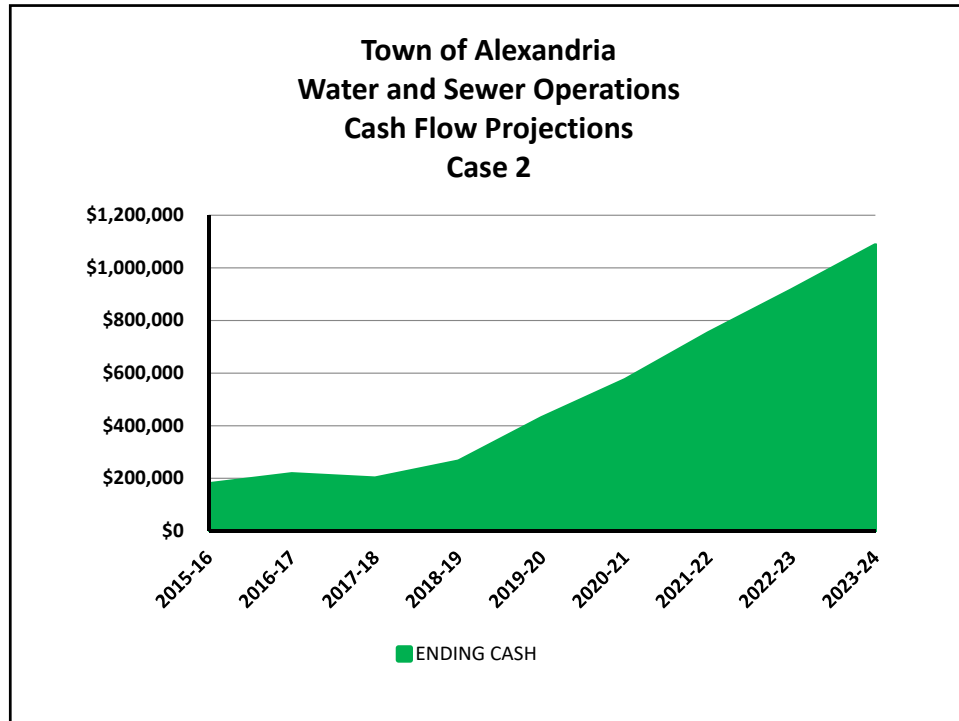
	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
<b><u>State of Tennessee</u></b>			
Changes in Net Position	(\$44,757)	(\$63,544)	(\$131,283)
<b><u>GASB</u></b>			
Changes in Net Position	(\$44,757)	(\$63,544)	(\$131,283)

**Source:** Town of Alexandria Financial Statements



## OBSERVATION

*The Town of Alexandria Water and Sewer Utility has been experiencing significant losses in income for the last few years.*



## Alexandria Water & Sewer Data

~ 970 overall **water** customers

98% inside; 2% outside corporate limits  
inside water growing at ~1%

~ 405 **sewer** customers

100% inside  
growing at ~2.4%

## Alexandria Current Water Rates

Water Rates = a **uniform** rate structure

Code 01 (inside):

0 – 2,000 gals. = \$26.00; then \$7.77/1,000 gals.

Code 02 (outside):

0 – 2,000 gals. = \$31.52; then \$7.77/1,000 gals.

Code 03 (outside):

0 – 2,000 gals. = \$53.75; then \$8.02/1,000 gals.

## What to do About Water Rates? Recommended Option

Keep current minimums and increase usage rates

Effective July 1, 2019

Code 01: 0 -2,000 gals. = \$26.00; then \$10.40/1,000 gals.

Code 02: 0 – 2,000 gals. = \$31.20; then \$12.48/1,000 gals.

Code 03: 0 – 2,000 gals. = \$53.75; then \$12.48/1,000 gals.

*These actions:*

- Assume 1 % annual growth in sales for Code 01; ½% > for Code 02; 0% > for Code 03
- Minimizes rate impact for low users (<2,000 gals.)
- Obtains needed \$\$\$ (~\$613,000 FYE 2020 = 15% >)



## Atwood

Entity Type  
Town

County  
Carroll

Type  
Water and Sewer

Details	2016	2017	2018
Revenue	\$152,438.00	\$153,732.00	\$169,764.00
Expenses	\$168,618.00	\$163,633.00	\$167,244.00
Operating Revenue	\$(16,180.00)	\$(9,901.00)	\$2,520.00
Non-Operating Revenues (Expenses)	\$4,653.00	\$4,269.00	\$6,072.00
Grants, Capital Contributions, Transfers	\$-	\$-	\$-
GAAP Change in Net Position	\$(11,527.00)	\$(5,632.00)	\$8,592.00
Grants, Capital Contributions, Transfers In	\$-	\$-	\$-
Statutory Change in Net Position (2017 Law)	\$(11,527.00)	\$(5,632.00)	\$8,592.00
Statutory Change in Net Position (2018 Law)			\$8,592.00
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$-	\$-



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Deputy Comptroller

## Case: Town of Atwood

### Staff Summary:

On November 15, 2018, the Board ordered the Town to order 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 the TAUD's recommendations;
  - b. the Town's progress on drilling an additional well, including an analysis of 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.

Old Rates		
Atwood	Water	Sewer
First 2,000 (flat)	\$9.00	\$9.00
In Excess per 1,000	\$1.50	\$1.50

Current Rates		
Atwood	Water	Sewer
First 2,000 (flat)	\$11.00	\$11.00
In Excess per 1,000	\$3.00	\$3.00

Board staff received a letter from Mayor James Halford. The Town has accepted TAUD's recommendations for rates. The Town has voted to pursue the drilling of a new well and is applying to USDA and ECD for grants. The Town invested significant money upgrading the water treatment plant recently which is the justification for drilling a well. The Town is working with Hethcoat and Davis to create a five-year capital asset budget. The Town provided a copy of the minutes in which the leak adjustment policy was adopted. **The Town has shown a positive change in net position for the 2018 Fiscal Year.**

### Staff Recommendation:

Order the Town to comply with the following:

1. The Town shall send financial updates to Board staff by March 1<sup>st</sup> and September 1<sup>st</sup> of each year starting March 1, 2020, until the Board releases the Town from its oversight.

Phone 731.662.7689  
Fax 731.662.4351  
Email townofatwood@tennesseetel.net

February 8, 2019

Ann V. Butterworth, Chair  
Water & Wastewater Financing Board  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, TN 37243

Ms. Butterworth

Remarks concerning the order issued by the Tennessee Water and Wastewater Financing Board on November 15, 2018.

One concern of TAUD was the amount of infiltration to our sewer system. We have begun smoke testing the lines and are finding places where rather large amounts of water may be entering the system. This task will take some time to complete as we are repairing places as found. It also continues to rain often which slows the project.

We have also evaluated our lift stations and determined the ones in most need of repair, one station along the edge of a by-pass to be built on the south side of town, will be reworked under the highway project.

We have discussed drilling a new well or purchasing water from a neighboring utility. The board on a unanimous vote chose to drill a new well.

TAUD performed a rate increase study in 2018, based on total water used in 2017 with the following assumption, \$10.00 minimum water and sewer each, variable rate of \$0.30 per hundred would increase revenue by \$43,935.00 per year. On October 12, 2017, we passed Ordinance # 253, on second reading, increasing rate to \$10.00 each with variable rates of \$0.20 per hundred.

At the board meeting on January 10, 2019, we voted to increase fixed rate water and sewer from \$10.00 to \$11.00 and increased variable rates from \$0.20 to \$0.30 per hundred.

We have entered into an agreement with Hethcoat and Davis, Inc. of Brentwood to apply for a \$30,000.00 Search Grant thru USDA. These funds are to be used to review our entire system with recommended improvement needs. When the Government shut down the stated grant applications

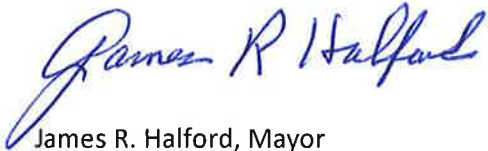


were put on hold. Since the government is now functioning again, they anticipate receiving these funds and the review will be performed.

We are proceeding with moves to improve our financial and structure system in both water and sewer. We are awaiting the review and recommendation from Hethcoat and Davis before adopting a five year capital outlay budget.

Please see attachment of the water lead adjustment policy and date approved. This policy is to be reviewed and adjusted at the next board meeting.

Sincerely



James R. Halford, Mayor  
Town of Atwood

Attachment 1

# Town of Atwood

P. O. BOX 339  
ATWOOD, TENNESSEE 38220

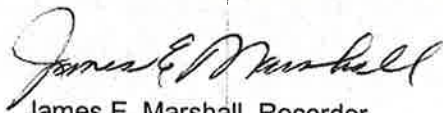
TELEPHONE (731) 662-7689

TOWN OF ATWOOD  
CITY MEETING MINUTES  
NOVEMBER 8, 2007

Present: James Halford, Jimmy Halford, Jimmy Lewis, Ricky Long, and L N McNabb.

The regular business meeting of the Town of Atwood was held at city hall at 7:00 P.M. The meeting was called to order by Mayor Halford, led in prayer by Ricky Long, and business was conducted as follows:

1. Motion Jimmy Lewis, second L N McNabb, to approve minutes of October 11, 2007, as stated. Motion carried.
2. Motion Jimmy Halford, second L N McNabb, to approve the financial report for month ending October 31, 2007, as stated. Motion carried.
3. Motion Ricky Long, second Jimmy Lewis, to approve the water leak adjustment policy. Motion carried. See attached.
4. Opened bid proposals on a truck as follows:  
 Brindlee Mountain Fire Apparatus: 1992 Chevrolet 3500 4 WD brush truck equipped with pump and tank @ \$14,200.00 plus \$900.00 to deliver to Nashville, Tn.  
 Alexander Chrysler Dodge: 1997 Dodge Ram 2500 truck 4WD @ \$10,988.  
 Helms Motor Company: 1999 Dodge Ram 2500 truck 4WD @ \$8,950.  
 Humboldt Chrysler: 2003 Ford F250 truck 4WD @ \$18,500.  
 Chuck Graves: 2001 Chevrolet 2500 HD 4WD @ \$11,900.  
 Chuck Graves: 2004 Chevrolet Crew Cab 2500, 2WD @ \$14,900.  
 Chuck Graves: 2003 Chevrolet Crew Cab 2500, 4WD @ \$17,988.  
 Board agreed that the 1992 model truck was too old, and stated that the first trucks to check out should be the trucks from Helms, Alexander Chrysler and the 2001 model from Chuck Graves.  
 Motion Jimmy Halford, second L N McNabb, to authorize James Halford and James Marshall, to evaluate and purchase a truck that meets our specifications as advertised for the fire department. Motion carried.
5. Opened bids on metal as follows: Randy Long @ \$250.00 and Paul Cummings @ \$100.00. Motion Jimmy Halford, second L N McNabb, to sell the metal to Randy Long @ \$250.00. Motion carried.
6. No bids were received on the water line extension project. Motion L N McNabb, second Ricky Long, to hire Lynn Moore Construction Company, to install the line and allow him to use our equipment. Motion carried.
7. Motion Jimmy Lewis, second L N McNabb, to adjourn. Motion carried.



James E. Marshall, Recorder  
Town of Atwood, Tennessee  
November 8, 2007

## TOWN OF ATWOOD UTILITIES

### ADJUSTMENT POLICY

JANUARY 01, 2008

#### WATER AND SEWER

Water and sewer bills may be adjusted when caused by burst pipes inside or outside a home or business, due to extreme cold weather or due to hidden underground leaks, and only when such leaks result in water use increase greater than 25% of the past six (6) months average use. Customers approved for leak adjustments will be given credit for 50% of the excess of the past six (6) months water consumption and 100% of the excess of the past six (6) months sewer consumption provided the excess is 25% greater than the past six (6) months average.

Dripping faucets, running commodes and other visible leaks will not be adjusted except in unusual circumstances.

Sewer adjustments will be given for filling swimming pools, at the rate of 100% of the amount of gallons of the pool.

Adjustments cannot be made until billing is processed and received by the customer.



# Baileyton

Entity Type  
Town

County  
Greene

Type  
Sewer

Details	2016	2017	2018
Revenue	\$313,825.00	\$314,774.00	\$337,817.00
Expenses	\$308,887.00	\$310,852.00	\$299,158.00
Operating Revenue	\$4,938.00	\$3,922.00	\$38,659.00
Non-Operating Revenues (Expenses)	\$(21,999.00)	\$(20,111.00)	\$(14,603.00)
Grants, Capital Contributions, Transfers	\$-	\$-	\$-
GAAP Change in Net Position	\$(17,061.00)	\$(16,189.00)	\$24,056.00
Grants, Capital Contributions, Transfers In	\$-	\$-	\$-
Statutory Change in Net Position (2017 Law)	\$(17,061.00)	\$(16,189.00)	\$21,107.00
Statutory Change in Net Position (2018 Law)			\$24,056.00
Net Pension and OPEB Asset		\$16,829.00	\$19,778.00
Net Pension and OPEB Liability		\$-	\$-



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Case: Town of Baileyton**

**Staff Summary:**

The Town was referred to the WWFB on July 26, 2018 for financial distress. Mayor Casteel of Baileyton wrote Board Staff on December 13, 2018 to inform the Board that in March of 2018, sewer rates were increased by 10%. At this point in time, this rate increase appears to be the necessary increase the Town needed.

**The Town had a positive change in net position for the 2018 Fiscal Year.**

**Staff Recommendation:**

Order the Town to comply with the following:

1. The Town shall send financial updates to Board staff by March 1<sup>st</sup> and September 1<sup>st</sup> of each year, starting March 1, 2020, the Board releases the Town from its oversight.

## *Town of Baileyton*

6530 Horton Hwy  
Greeneville, Tn 37745  
Phone (423) 234-6911  
Fax (423) 234-5442  
*BaileytonTownHall@gmail.com*

*December 13, 2018*

*Water & Wastewater Financing Board  
ATTN: John Greer  
505 Deaderick Street, Suite 1700  
Nashville, Tn 37243-1402*

*RE: WWFB Financial Questionnaire*

*Dear Mr. Greer,*

*This letter is concerning the questionnaire the Town of Baileyton received relating to the financial distress of the Baileyton Sewer Fund.*

*Previously, on November 21, 2017, we responded to your letter dated in August of 2017, and the Town of Baileyton did increase sewer rates 10%, which was effective in the March, 2018, billing cycle. The previous information provided still applies, except to point out that based on the 2018 unaudited information prepared by our CPA consultant, the Sewer Fund will have a positive change in net position, in our opinion, subject to the independent audit, which is still in the process.*

*As a result, certain updated information has also been provided, including the projections for 2019-2021, along with unaudited financial information as of June 30, 2018.*

*Sincerely,*



*Thomas F. Casteel, Mayor  
Town of Baileyton, Tn*

## Town of Baileyton, Tennessee

### Sewer Financial Information-Wastewater Financing Board

#### Updated From November 21, 2017 Letter

The Town of Baileyton, Tennessee (i.e., the "Town") Sewer Fund for the 2016 and 2017 years based on the unaudited financial statements did not meet the necessary financial requirements as set forth by the State of Tennessee and as a result the Town was determined to be a financially distressed Utility pursuant to Tennessee Code Annotated Section 68-221-1010(a). Based on the 2016 letter, the Town of Baileyton responded to the Water and Wastewater Financing Board with a letter dated November 21, 2017 which outlined the responses. Most of the same information is in this response; however, based on the 2018 unaudited information supplied by our C.P.A. consultant, it appears the Town of Baileyton will have a positive increase in net position for the year ending June 30, 2018 subject to the completion of the independent audit by another C.P.A. firm. The changes which took place in the fiscal 2018 year resulting in a positive change in net position are as follow:

- Sewer rates were increased 10% in 2018 with the first billing under the new rates being in March 2018.
- Interest on debt service for 2018 decreased \$5,222 from the 2017 year since the Town paid off early an outstanding sewer issue near the end of fiscal year 2017 which resulted in less debt service in 2018 and going forward.
- Under expenses, water utilities decreased \$4,348 from the 2017 year due to a water line leak which was corrected.
- Overall repairs and maintenance decreased \$4,929 as compared to the 2017 year.

With this in mind, the Town projects a \$24,056 increase in net position for the year ending June 30, 2018 and based on projected information assuming no major changes in the volume of services or major repairs, the Town believes the 10% rate increased which passed in 2018 will be sufficient for the next several years.

**Background Information:** The Town operates a sewer system only as water services are provided by the North Greene Utility District. Water usage information is supplied to Cross Anchor Utility District which performs the monthly billing information for the Town of Baileyton. Sewer usage is based on water consumption records. Latest information from the 2017 letter sent to the Water & Wastewater indicated the Town has a total of 202 customers with 168 classified as residential and 34 as commercial/industrial customers and the base is about the same in the current year. The overall customer base has not changed significantly over the past several years. A summary of the financial change in net position since 2009 is as follows:

Year	Positive (Negative) Change
2009	\$ (2,984)
2010	\$ (69,009)
2011	\$ (4,558)
2012	\$ 286,897
2013	\$ 533,727
2014	\$ 585,088
2015	\$ (1,982)
2016	\$ (17,061)
2017	\$ (16,189)
2018	\$ 24,056

As noted above, the Town in certain other years also had a negative change in financial position which resulted in being defined as a financially distressed Utility. In 2012-2014 the Town had a positive change in net position which was solely attributable to capital grants relating to major upgrades at the sewer plant. Beginning in 2012, the overall upgrades began and the project was fully completed in 2015. This project was funded with Sewer reserves, capital grants and in 2013, waterworks revenue bonds in the amount of \$305,000 was issued through Rural Development.

During the project phase, overall costs of the construction were capitalized into construction in progress and upon completion; the sewer plant upgrades are depreciated. As a result in 2015, the overall project totaled \$1,848,388 and depreciation began in this year which amounts to \$36,968 per year.

Once the project was completed and with capital grants being very little in 2015 and \$0 in 2016, the Sewer Fund's change in net position went from positive to negative. A summary of the sewer rates since 2009 through 2018 are provided below:

#### Present Rate Structure/History

Residential	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Up to 2,000 Gallons (Minimum Bill)	\$ 20.93	\$ 20.93	\$ 22.62	\$ 24.88	\$ 27.37	\$ 32.85	\$ 32.85	\$ 38.78	\$ 38.78	\$ 42.66
Over 2,000 Gallons (per 1,000)	\$ 4.57	\$ 4.57	\$ 4.95	\$ 5.25	\$ 6.00	\$ 7.20	\$ 7.20	\$ 8.50	\$ 8.50	\$ 9.35
<b>Commercial/Industrial</b>										
Up to 2,000 Gallons (Minimum Bill)	\$ 60.25	\$ 60.25	\$ 65.15	\$ 71.67	\$ 78.84	\$ 94.61	\$ 94.61	\$ 111.64	\$ 111.64	\$ 122.80
Over 2,000 Gallons (per 1,000)	\$ 10.05	\$ 10.05	\$ 10.87	\$ 11.96	\$ 13.16	\$ 15.80	\$ 15.80	\$ 18.64	\$ 18.64	\$ 20.50

Based on past results and with very little change in the customer base, sewer tap fees have remained at \$3,300 since 2009 and connection fees are \$50.



Prior to 2018, the last rate increase was effective in the 2016 fiscal year based on overall projections as to how the Sewer Fund was expected to perform. However, the 2016 rates were still not sufficient to result in a positive change in net position for 2016 or 2017. However, in 2018, the overall rates were sufficient to produce a positive change in net position.

Presently, based on discussions with management, the Town has no new debt issues planned for the Sewer Fund in the foreseeable future and no capital grants which have been approved or are in the process for the next two years.

As a result, in order to strengthen the Sewer Fund's financial position based on the information provided, a projection for 2019-2021 has been prepared based on the 10% rate increase which went into effect as of March 2018.

The following assumptions are made in the projections for 2019-2021:

- The Town maintains its current rates which went into effect in March 2018 which was a 10% rate increase. No major increase in customers anticipated and the 10% increase is based on the 2017 actual revenues multiplied by the 10% increase.
- Overall operating expenses will increase in comparison to the 2018 year except repairs and maintenance will increase over the 2018 results. Depreciation is based on the 2018 information plus factoring in additional depreciation on assumed capital assets additions of pumps.
- Interest on debt service is based on the 2 outstanding loans the Sewer Fund still has and no new debt issues are projected for the next three years.

The projections being provided are estimates only and are based on the items mentioned above. The information is attached on the following page:

Town of Baileyton, Tennessee  
 Sewer Financial Information  
 Source-Audit Report 2014-2017  
 Current Year 2018-Unaudited

	Refer To Memo							
	Audited	Audited	Audited	Audited	Consultant	Projected	Projected	Projected
	2014	2015	2016	2017	2018	2019	2020	2021
<b>Sewer Revenues</b>	\$ 285,355	\$ 268,908	\$ 313,825	\$ 314,774	\$ 337,817	\$ 346,251	\$ 346,251	\$ 346,251
<b>Operating Expenses</b>								
Depreciation	85,325	124,779	144,167	154,906	150,074	153,974	155,000	158,000
Salaries	68,335	73,183	79,428	76,389	78,821	81,974	85,253	88,663
Repairs/Maintenance/Chemicals	33,313	31,121	35,180	29,901	24,972	29,915	31,112	32,356
Electricity	40,294	30,953	29,072	27,299	28,351	29,485	30,664	31,891
Outside Services-Billing	3,213	6,290	4,400	5,652	5,024	5,225	5,434	5,651
Employee Benefits	8,848	6,196	6,095	5,300	4,454	4,632	4,817	5,010
Fuel/Vehicle Maintenance	8,317	4,850	2,578	978	541	1,000	1,040	1,082
Office Expense/Other	1,654	1,976	2,410	1,249	3,559	3,701	3,849	4,003
Water	1,306	1,306	4,049	6,269	1,921	1,998	2,078	2,161
Telephone	853	953	969	988	991	1,031	1,072	1,115
Permit Fees	1,730	350	350	690	450	468	487	506
Operating Supplies	1,050	269	189	1,231	-	1,280	1,500	1,560
Contract Services/Other Fees	100	160	-	-	-	-	-	-
<b>Total Operating Expense</b>	<b>254,338</b>	<b>282,386</b>	<b>308,887</b>	<b>310,852</b>	<b>299,158</b>	<b>314,683</b>	<b>322,306</b>	<b>331,998</b>
Income (Loss) From Operations	31,017	(13,478)	4,938	3,922	38,659	31,569	23,945	14,253
<b>Non-Operating Revenue (Expense)</b>								
Interest Income	163	183	131	215	501	325	325	300
Capital Grants	572,823	38,724	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Interest Expense	(18,915)	(20,470)	(22,130)	(20,326)	(15,104)	(14,039)	(13,135)	(12,177)
Non-Operating Revenue (Expense)	554,071	18,437	(21,999)	(20,111)	(14,603)	(13,714)	(12,810)	(11,877)
<b>Change In Net Position</b>	<b>585,088</b>	<b>4,959</b>	<b>(17,061)</b>	<b>(16,189)</b>	<b>24,056</b>	<b>17,855</b>	<b>11,135</b>	<b>2,376</b>
Net Position-Beginning	2,603,349	3,188,437	3,186,455	3,169,394	3,153,205	3,177,261	3,195,116	3,206,251
Cash # 68 Pension Adjustment	-	(6,941)	-	-	-	-	-	-
<b>Net Position-Ending</b>	<b>\$ 3,188,437</b>	<b>\$ 3,186,455</b>	<b>\$ 3,169,394</b>	<b>\$ 3,153,205</b>	<b>\$ 3,177,261</b>	<b>\$ 3,195,116</b>	<b>\$ 3,206,251</b>	<b>\$ 3,208,627</b>

If the projections actually compared to future results, the Sewer Fund would have a positive change in net position for 2019-2021. Maintaining operating expenses within the ranges is a "key" in the outcome of these projections. In addition, we have attached the latest unaudited financial statements as of June 30, 2018.

	<b>Sewer Fund</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash	\$ 345,424
Certificates of Deposit	-
Customer Accounts Receivable (net)	50,305
Net Pension Asset	19,778
<b>Total Current Assets</b>	<b>415,507</b>
<b>Noncurrent Assets</b>	
Restricted:	
Sewer Debt Service	35,584
Customer Deposits	4,000
<b>Total Restricted Assets</b>	<b>39,584</b>
Capital Assets:	
Land	62,493
Collection System	1,615,670
Treatment Plant	3,289,803
Equipment	251,534
Vehicles	13,013
Construction in Progress	-
Less: Allowance for Depreciation	(2,080,433)
<b>Capital Assets (net)</b>	<b>3,152,080</b>
<b>Total Noncurrent Assets</b>	<b>3,191,664</b>
<b>TOTAL ASSETS</b>	<b>3,607,171</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Changes In Experience	4,975
Pension Changes In Assumptions	2,836
Pension Contributions After The Measurement Date	3,513
<b>Total Deferred Outflows Of Resources</b>	<b>11,324</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	542
Bonds Payable - Current Portion	18,037
Accrued Interest Payable	758
Due To General Fund	1,471
Accrued Expenses	1,999
<b>Total Current Liabilities</b>	<b>22,807</b>
<b>Non-Current Liabilities</b>	
Customer Deposits	4,000
Revenue & Tax Bonds Payable	393,857
<b>Total Non-Current Liabilities</b>	<b>397,857</b>
<b>TOTAL LIABILITIES</b>	<b>420,664</b>

<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension Changes In Investment Earnings		\$ 255
Pension Changes In Experience		20,315
<b>Total Deferred Inflows Of Resources</b>		<b>20,570</b>
<b>NET POSITION</b>		
Net Investment In Capital Assets		2,740,186
Restricted-Debt Service		39,584
Restricted-Net Pension Asset		19,778
Unrestricted		377,713
<b>Total Net Position</b>		<b>\$ 3,177,261</b>

	<b>Sewer Fund</b>
<b>Operating Revenue</b>	
Sewer Charges	\$ 333,867
Sewer Tap Fees	3,300
Connection Fees	650
<b>Total Operating Revenue</b>	<b>337,817</b>
<b>Operating Expenses</b>	
Depreciation	150,074
Salaries	78,821
Repairs/Maintenance/Chemicals	24,972
Electricity	28,351
Data Processing	5,024
Employee Benefits	4,454
Auto Expense	541
Office Expense & Other	3,559
Water	1,921
Telephone	991
State Permit Fees	450
Operating Supplies	-
Contract Services	-
<b>Total Operating Expense</b>	<b>299,158</b>
<b>Income (Loss) from Operations</b>	<b>38,659</b>
<b>Non-operating Revenue (Expense)</b>	
Interest Income	501
Capital Grants	-
Interest Expense	(15,104)
<b>Total Non-operating Revenue (Expense)</b>	<b>(14,603)</b>
<b>Change in Net Position</b>	<b>24,056</b>
<b>NET POSITION-BEGINNING</b>	<b>3,153,205</b>
<b>NET POSITION - ENDING</b>	<b>\$ 3,177,261</b>

	<b>Sewer Fund</b>
<b>Cash Flows from Operating Activities</b>	
Receipts from customers & users	\$ 330,813
Payments to Suppliers	(73,666)
Payments to Employees	(78,821)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>178,326</b>
<b>Cash Flows from Capital &amp; Related Financing Activities</b>	
Principal Payments on Bonds	(17,179)
Capital Grants	-
Cash Payment for Fixed Assets	(46,490)
Cash Payments for Interest on Bonds	(15,104)
<b>Net Cash Provided by (Used for) Capital &amp; Related Financing Activities</b>	<b>(78,773)</b>
<b>Cash Flow from Investing Activities</b>	
Interest Income	501
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>501</b>
<b>Net Increase (Decrease) in Cash</b>	<b>100,054</b>
<b>Cash - Beginning</b>	<b>245,370</b>
<b>Cash - Ending</b>	<b>\$ 345,424</b>
<b>Reconciliation of Income from Operations to Net Cash Provided by (Used for) Operating Activities</b>	
Income from Operations	38,659
<b>Adjustments to Reconcile Income from Operations to Net Cash Provided by (Used for) Operating Activities</b>	
Depreciation Expense	150,074
Pension Expense	-
(Increase) Decrease in:	
Accounts Receivable	(7,004)
Restricted Assets	(54)
Deferred Outflows Relating To Pensions	(588)
Net Pension Asset	(2,949)
Increase (Decrease) in:	
Accounts Payable	57
Due To General Fund	1,471
Accrued Liabilities	187
Deferred Inflows Relating To Pensions	(1,527)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 178,326</b>



## Benton

Entity Type  
City

County  
Polk

Type  
Water and Sewer

Details	2016	2017	2018
Revenue	\$574,542.00	\$615,133.00	\$683,522.00
Expenses	\$674,622.00	\$716,307.00	\$765,460.00
Operating Revenue	\$(100,080.00)	\$(101,174.00)	\$(81,938.00)
Non-Operating Revenues (Expenses)	\$(17,678.00)	\$(17,380.00)	\$(16,739.00)
Grants, Capital Contributions, Transfers	\$212,827.00	\$-	\$-
GAAP Change in Net Position	\$95,069.00	\$(118,554.00)	\$(98,677.00)
Grants, Capital Contributions, Transfers In	\$212,827.00	\$-	\$-
Statutory Change in Net Position (2017 Law)	\$(117,758.00)	\$(118,554.00)	\$(116,544.00)
Statutory Change in Net Position (2018 Law)			\$(98,677.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$72,844.00	\$54,977.00



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Case: City of Benton**

**Staff Summary:**

The City was referred to the WWFB on June 8, 2018 for financial distress and incorrectly filling out the AWWA worksheet. When the questionnaire was sent to the City, the City misunderstood the letter and only corrected the AWWA deficiencies. This caused a delay in the questionnaire process. The financial questionnaire has since been received.

**Staff Recommendation:**

Order the City to comply with the following:

1. The City shall have the Tennessee Association of Utility Districts or another qualified expert, as approved by Board staff, to perform a rate study that includes the following:
  - i. creating a comprehensive rate and fee policy or ordinance;
  - ii. justifying varying rate classes or creating one rate structure for all customers;
  - iii. reviewing tap and customer fees;
  - iv. creating a capitalization policy;
  - v. creating a water loss policy to address the 59% loss by volume as reported on the City's 2018 AWWA worksheet;
  - vi. creating a meter reading policy to include guidelines on how to adjust errors in readings;
  - vii. creating a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs; and
  - viii. creating a leak adjustment policy.
2. By October 31, 2019, the Town shall send Board Staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
3. By February 28, 2020, the City shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.



# City of Benton

6496 Highway 411 North Benton, TN 37307

423-338-5733 Fax: 423-338-0544

Jerry T. Stephens, Mayor

August 15, 2019

Tennessee Comptroller of the Treasury  
Water and Wastewater Financing Board  
ATT: John Greer  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, TN 37243

Dear Mr. Greer,

We are writing in response to your letter of May 24, 2019 regarding your request from the Waste Water Financing Board.

Please find enclosed the completed questionnaire and all supporting documentation. We sincerely hope this will help resolve any concerns you may have with our Water Department.

If you have any questions or require any more information, please do not hesitate to call (423) 338-5733 or [waterworks@cityofbentontn.com](mailto:waterworks@cityofbentontn.com).

Sincerely,



Jerry T. Stephens  
Mayor  
City of Benton

Tennessee Comptroller of the Treasury

Response to Water and Wastewater Financing Board

Benton Water Works

August 19, 2019

Please find attached, in numerical order, our response to the questions in your letter of May 24, 2019.

#### History

1. Five year rate history.
2. Five year water fee history.
3. Current customer contract.
4. Water sales for April, May and June 2019 and the last three months of balance sheets.
5. Debt management policy.
6. We do not have a capitalization policy.

#### Financial Information

1. We have discussed rate increases. They have not been decided or voted on yet. The last rate increase was 5% enacted voted in on June 5, 2017. Please see the attached minutes. Also note the rates listed on the audit ending June 2018 are incorrect. We have attached our correct rate schedule.
2. The City Commission consisting of the Mayor and two Commissioners have the authority to set rates. The final decision rests with the Mayor. We do not have a separate board.
3. We currently have approximately 1070 open customer accounts. Please find attached the Active Accounts for the last billing cycle. Please note some customers have several meters (such as the apartments.)
4. Our ten largest customers are as follows: Polk Co. High School, Chilhowee Middle School, Benton Elementary, Polk Co. Justice Center, Walnut Creek Apts., Chilhowee Apts., Evans Car Wash, Jason Nicholson, DDS, Mac's Convenient Store, and Sonic. Please find attached their usage and billing for the last 12 months.
5. We have discussed rate increases. They have not been decided or voted on yet.
6. Our rates are based on cost to produce.
7. We do not have written policies for rates and fees. They are not reviewed. Please find attached where the Board recently voted in the new delinquent lock policy.
8. Customers are welcome to ask concerning their rates and will be provided an explanation of their charges.

9. Please see attached current budget and capital asset list.
10. Budget and capital asset lists are reviewed annually.
11. We have no forthcoming environmental issues.
12. Our leak adjustment policy is as follows: Customers may receive 40% off two consecutive months in a 12 month period, and must have been a customer for at least one year. We do not have a written policy, although we have included the relative minutes pursuant to our leak policy that are recent. Please find attached the water leak report for the last 12 months, which is written off in dollars, not in gallons. Please note not all adjustments are leaks.
13. We are currently receiving a grant for water line replacements to decrease our water loss which was awarded in 2018. The local match is \$75,000 and construction has begun. Please find a copy of the grant contract.
14. Please see above.
15. We have not applied for any new grants.
16. We produce our water supply. Please see attached AWWA report.
17. We do not have any wholesale customers.
18. Our current non-revenue water is at 59%. Please see attached AWWA report.
19. Our Mayor and Commissioners meet once a month on the first Monday at 10:00 AM and notice is continuously run in the local newspaper, The Polk County News.
20. Our board has had no training; however, we were informed that they are not required to unless they are reelected in November of 2020, in which case they must have 12 hours within 12 months to comply.

## TOWN OF BENTON, TENNESSEE

**UTILITY RATES AND METERED CUSTOMERS**  
**WATERWORKS FUND**

June 30, 2014

	<u>Water</u>	<u>Sewer</u>
Inside Town limits:		
Residential:		
Minimum billing	\$ 14.81	\$ 6.97
Over 2,000 gallons (per thousand)	4.06	
Over 2,000 gallons (per thousand)		3.49
Commercial:		
Minimum billing	19.43	10.44
Over 2,000 gallons (per thousand)	4.65	
Over 2,000 gallons (per thousand)		4.05
Outside Town limits:		
Residential:		
Minimum billing	15.95	10.44
Over 2,000 gallons (per thousand)	4.65	
Over 2,000 gallons (per thousand)		4.06
Commercial:		
Minimum billing	20.59	36.25
Over 2,000 gallons (per thousand)	5.22	
Over 2,000 gallons (per thousand)		4.06
Number of Metered Customers	1,041	403

See the accompanying independent accountants' audit report.

## TOWN OF BENTON, TENNESSEE

**UTILITY RATES AND METERED CUSTOMERS**  
**WATERWORKS FUND**

June 30, 2015

	<u>Water</u>	<u>Sewer</u>
Inside Town limits:		
Residential:		
Minimum billing	\$ 14.81	\$ 6.97
Over 2,000 gallons (per thousand)	4.06	
Over 2,000 gallons (per thousand)		3.49
Commercial:		
Minimum billing	19.43	10.44
Over 2,000 gallons (per thousand)	4.65	
Over 2,000 gallons (per thousand)		4.05
Outside Town limits:		
Residential:		
Minimum billing	15.95	10.44
Over 2,000 gallons (per thousand)	4.65	
Over 2,000 gallons (per thousand)		4.06
Commercial:		
Minimum billing	20.59	36.25
Over 2,000 gallons (per thousand)	5.22	
Over 2,000 gallons (per thousand)		4.06
Number of Metered Customers	1,040	375

See the accompanying independent accountants' audit report.

## TOWN OF BENTON, TENNESSEE

**UTILITY RATES AND METERED CUSTOMERS**  
**WATERWORKS FUND**

June 30, 2016

	<u>Water</u>	<u>Sewer</u>
Inside Town limits:		
Residential:		
Minimum billing	\$ 14.81	\$ 6.97
Over 2,000 gallons (per thousand)	4.06	
Over 2,000 gallons (per thousand)		3.49
Commercial:		
Minimum billing	19.43	10.44
Over 2,000 gallons (per thousand)	4.65	
Over 2,000 gallons (per thousand)		4.05
Outside Town limits:		
Residential:		
Minimum billing	15.95	10.44
Over 2,000 gallons (per thousand)	4.65	
Over 2,000 gallons (per thousand)		4.06
Commercial:		
Minimum billing	20.59	36.25
Over 2,000 gallons (per thousand)	5.22	
Over 2,000 gallons (per thousand)		4.06
Number of Metered Customers	1,040	375

See the accompanying independent accountants' audit report.

## CITY OF BENTON, TENNESSEE

**UTILITY RATES AND METERED CUSTOMERS**  
**WATERWORKS FUND**

June 30, 2017

	<u>Water</u>	<u>Sewer</u>
Inside Town limits:		
Residential:		
Minimum billing	\$ 14.81	\$ 6.97
Over 2,000 gallons (per thousand)	4.06	
Over 2,000 gallons (per thousand)		3.49
Commercial:		
Minimum billing	19.43	10.44
Over 2,000 gallons (per thousand)	4.65	
Over 2,000 gallons (per thousand)		4.05
Outside Town limits:		
Residential:		
Minimum billing	15.95	10.44
Over 2,000 gallons (per thousand)	4.65	
Over 2,000 gallons (per thousand)		4.06
Commercial:		
Minimum billing	20.59	36.25
Over 2,000 gallons (per thousand)	5.22	
Over 2,000 gallons (per thousand)		4.06
Number of Metered Customers	1,056	381

See the accompanying independent accountants' audit report.

## CITY OF BENTON, TENNESSEE

UTILITY RATES AND METERED CUSTOMERS  
WATERWORKS FUND

June 30, 2018

	<u>Water</u>	<u>Sewer</u>
Inside Town limits:		
Residential:		
Minimum billing	\$ 14.81	\$ 6.97
Over 2,000 gallons (per thousand)	4.06	
Over 2,000 gallons (per thousand)		3.49
Commercial:		
Minimum billing	19.43	10.44
Over 2,000 gallons (per thousand)	4.65	
Over 2,000 gallons (per thousand)		4.05
Outside Town limits:		
Residential:		
Minimum billing	15.95	10.44
Over 2,000 gallons (per thousand)	4.65	
Over 2,000 gallons (per thousand)		4.06
Commercial:		
Minimum billing	20.59	36.25
Over 2,000 gallons (per thousand)	5.22	
Over 2,000 gallons (per thousand)		4.06
Number of Metered Customers	1,013	393

*Incorrect*

*5% rate increase voted in in 2017.  
Please see attached current rate schedule  
and copy of the minutes*

See the accompanying independent accountants' audit report.



THE BENTON TOWN COMMISSION MET IN A REGULAR SESSION ON JUNE 5, 2017  
AT 6:00 P.M. AT THE BENTON MUNICIPAL BUILDING.

MAYOR STEPHENS, COMMISSIONER JENKINS AND COMMISSIONER MCDONALD WERE PRESENT  
FOR THE MEETING.

THE FOLLOWING BUSINESS WAS TRANSACTED:

MOTION WAS MADE BY MAYOR STEPHENS AND SECONDED BY COMMISSIONER JENKINS TO  
APPROVE THE MINUTES OF THE PREVIOUS MEETING. MAYOR STEPHENS AND BOTH  
COMMISSIONERS VOTED YES.

MOTION WAS MADE BY COMMISSIONER JENKINS AND SECONDED BY COMMISSIONER  
MCDONALD TO APPROVE ORDINANCE #192 (2016-2017 AMENDED BUDGET). MAYOR STEPHENS  
AND BOTH COMMISSIONERS VOTED YES. FIRST READING

MOTION WAS MADE BY MAYOR STEPHENS AND SECONDED BY COMMISSIONER JENKINS TO  
APPROVE ORDINANCE #193 (2017-2018 BUDGET). MAYOR STEPHENS AND BOTH COMMISSIONERS  
VOTED YES. FIRST READING

MOTION WAS MADE BY COMMISSIONER JENKINS AND SECONDED BY COMMISSIONER  
MCDONALD TO APPROVE RATIFICATION OF PRIVATE ACT TO CHANGE THE TOWN OF BENTON TO  
THE CITY OF BENTON. MAYOR STEPHENS AND BOTH COMMISSIONERS VOTED YES.

MOTION WAS MADE BY COMMISSIONER JENKINS AND SECONDED BY COMMISSIONER  
MCDONALD TO APPROVE INCREASING WATER AND SEWER RATES 5%. MAYOR STEPHENS AND  
BOTH COMMISSIONERS VOTED YES.

MOTION WAS MADE BY COMMISSIONER MCDONALD AND SECONDED BY COMMISSIONER  
JENKINS TO APPROVE CLOSING CITY HALL ½ DAY ON JULY 3<sup>RD</sup> AND FULL DAY ON JULY 4<sup>TH</sup>.  
MAYOR STEPHENS AND BOTH COMMISSIONERS VOTED YES.

MOTION WAS MADE BY MAYOR STEPHENS AND SECONDED BY COMMISSIONER JENKINS TO  
CLOSE THE MEETING. MAYOR STEPHENS AND BOTH COMMISSIONERS VOTED YES.

THE BENTON TOWN COMMISSION MET IN A REGULAR SESSION ON SEPTEMBER 6, 2011 AT 5:00 P.M. AT THE BENTON MUNICIPAL BUILDING.

MAYOR STEPHENS AND COMMISSIONER JENKINS WERE PRESENT FOR THE MEETING. COMMISSIONER PACK WAS ABSENT.

THE FOLLOWING-BUSINESS WAS TRANSACTED.

MOTION WAS MADE BY MAYOR STEPHENS AND SECONDED BY COMMISSIONER JENKINS TO APPROVE THE MINUTES OF THE PREVIOUS MEETING. MAYOR STEPHENS AND COMMISSIONER JENKINS VOTED YES.

MOTION WAS MADE BY MAYOR STEPHENS AND SECONDED BY COMMISSIONER JENKINS TO APPROVE ORDINANCE #173(2011-2012 BUDGET.) MAYOR STEPHENS AND COMMISSIONER JENKINS VOTED YES. (SECOND READING)

MOTION WAS MADE BY COMMISSIONER JENKINS AND SECONDED BY MAYOR STEPHENS TO APPROVE HIRING ROBBY HATCHER AS WATER/WASTEWATER OPERATOR. MAYOR STEPHENS AND COMMISSIONER JENKINS VOTED YES.

MOTION WAS MADE BY COMMISSIONER JENKINS AND SECONDED BY MAYOR STEPHENS TO APPROVE THE CHANGE IN THE 40% ADJUSTMENTS GIVEN TO WATER CUSTOMERS FOR LEAKS. THE CUSTOMER SHALL BE RESPONSIBLE FOR THEIR AVERAGE MONTHLY BILL EVEN IF THE 40% REDUCES IT TO LESS THAN THEIR AVERAGE BILL. IT ALSO CANNOT REDUCE IT BELOW THE CURRENT MINIMUM BILL. MAYOR STEPHENS AND COMMISSIONER JENKINS VOTED YES.

MOTION WAS MADE BY MAYOR STEPHENS AND SECONDED BY COMMISSIONER JENKINS TO ADJOURN THE MEETING. MAYOR STEPHENS AND COMMISSIONER JENKINS VOTED YES.



## Bethel Springs

Entity Type  
City

County  
McNairy

Type  
Water and Sewer

Details	2016	2017	2018
Revenue	\$353,807.00	\$402,597.00	\$353,807.00
Expenses	\$322,381.00	\$348,053.00	\$322,381.00
Operating Revenue	\$31,426.00	\$54,544.00	\$31,426.00
Non-Operating Revenues (Expenses)	\$(77,223.00)	\$(91,400.00)	\$(77,223.00)
Grants, Capital Contributions, Transfers	\$489,587.00	\$-	\$489,587.00
GAAP Change in Net Position	\$443,790.00	\$(36,856.00)	\$443,790.00
Grants, Capital Contributions, Transfers In	\$489,587.00	\$-	\$489,587.00
Statutory Change in Net Position (2017 Law)	\$(45,797.00)	\$(36,856.00)	\$(45,797.00)
Statutory Change in Net Position (2018 Law)			\$(45,797.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$-	\$-



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Case: City of Bethel Springs**

**Staff Summary:**

On March 14, 2019 the Board ordered the following:

1. The Town shall have the Municipal Technical Advisory Service, the Tennessee Association of Utility Districts or another qualified expert assist in completing the financial questionnaire previously sent by Board staff.
2. The Town shall send the completed financial questionnaire and all supporting documentation to Board staff by May 31, 2019.

While the entity did not get assistance filling out the questionnaire, we have received adequate information to make staff recommendations. MTAS completed a rate study 5 years ago and the rates have not changed since.

**Staff Recommendation:**

Order the City to complete the following:

1. The City shall have the Tennessee Association of Utility Districts or another qualified expert perform a rate study that includes the following:
  - i. an evaluation of the cost of tapping into the water and sewer system;
  - ii. a review of the capitalization policy, including any recommended modifications;
  - iii. creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs; and
  - iv. a review of the leak adjustment policy, including any recommended modifications.
2. By October 31, 2019, the Town shall send Board Staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
3. By February 28, 2020, the City shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
4. Board Staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the City.

## WWFB Financial Questionnaire

Utility: Bethel Springs Water Dept**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 were the reasons 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 attach copies of the relevant policies.
8. How do you make customers aware of the rates and fees you have in place?
9. Is this done at least annually? If not, please explain.
10. Do you have a capital asset plan?
  - a. If so, how long does it forecast (5 year, 10 year, etc.)?
  - b. Please attach a copy.
  - c. If you do not have a capital asset plan, please justify why you do not.
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. Please attach copies of all relevant documents and policies.
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: X Deborah Johnson Title: City Recorder Date: 6-7-19

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

1. We have had the same water rate schedule for the last 5 years. The rate schedule is included in the packet.
2. We based the cost for our reconnection fees on employee time, fuel, and the going rate from similar utilities in our area. On our tap fees we charge \$350 inside city and \$450 outside city limit. This cost does not line up with our expenses so at the next board meeting we will discuss an increase in cost. As It stands now, we spend \$496.78 just on parts.
3. The current customer contract for new services is included in packet.
4. Current balance sheet included in packet.
5. Debt management policy included in packet.
6. Our capitalization policy state Capital assets are defined by the government as assets with an individual cost of \$5000 and an estimate

1. We have been limiting our expenses by managing our assets more effectively with aggressive preventive maintenance and we've cut down on payroll by limiting overtime.
2. The mayor and the board of Alderman set the rates for the water and sewer based on rate studies. We use MTAS to help us with the studies.
3. We have 366 water customers. We have one rate schedule for all our customers, and they're all metered.
4. Except for the Bethel Springs Elementary School and Tennessee Department of Transportation, the rest of our customers average around the same monthly bill.  
Bethel Springs Elementary School (Board of Education) attributes to 5% of our annual sales  
Tennessee Department of Transportation attributes to 4% of our annual sales.
5. No, we do not have a plan to raise rates, our customers can barely handle the burden of our rates.
6. We had rate study done by MTAS to determine how much we needed to charge to meet our operational cost. These are the rates that they suggested. The board voted and accepted these rates.
7. If a customer has a leak, we offer a leak adjustment. The adjustment is done after the customer presents proof that the leak has been repaired. We then charge the customer a reduced rate of \$3.00 per 1000 gallons on the water. On the sewer we average the last 3 months sewer bill prior to the leak and charge that to the customer. This can only be done once within a 12-month period.
8. When Customers come in, we explain our rate schedule and give them a new customer letter to reinforce the information.
9. We only do this when a customer moves into the area unless there is going to be a change in our pricing. At that time, we would host a town hall meeting open to the public to discuss what the changes will be and how it would affect them.
10. Currently we do not have a capital asset plan. We have no plans to expand.
11. Yes, we have a capital asset list and it is included in the pack. We review it annually by the mayor, city recorder, and auditor.
12. We do not have any environmental issues currently or forthcoming that will put a financial burden on the system.
13. Yes, we have a leak adjustment policy. It is included
14. We don't plan on any new debt this year.
15. We have not received any grants this year and as of now have no anticipation of one during this fiscal year.
16. We have applied for a grant to replace water lines within the township but have not been rewarded the grant yet.



17. We produce our own water. It cost us \$3.59 per 1000 gallons. We do not have any wholesale customer.

18. Our current non-revenue water percentage is 5%.

19. Our board meets once a month and meetings are announced on our monthly water bills.



P. O. Box 214  
 Bethel Springs, TN 38315  
 Office: 731-934-7266 ~ Fax: 731-934-7277

February 13, 2019

Bethel Springs' water rate is as follows:

**Water**

Base amount no usage - \$11.00  
   \$7.00/1000 gallons

The price of 5000 gallons is \$46.00

**Sewer Rates**

Base amount w/ 2800 - \$51.29  
 After 2800 Customer pay \$7.08/1000 gallons

These have been our rates for the last 5 years, we have only one rate class.



## Blaine

Entity Type  
City

County  
Grainger

Type  
Sewer

Details	2016	2017	2018
Revenue	\$188,067.00	\$191,920.00	\$188,443.00
Expenses	\$162,710.00	\$158,521.00	\$128,971.00
Operating Revenue	\$25,357.00	\$33,399.00	\$59,472.00
Non-Operating Revenues (Expenses)	\$(49,176.00)	\$(48,301.00)	\$(47,228.00)
Grants, Capital Contributions, Transfers	\$-	\$-	\$-
GAAP Change in Net Position	\$(23,819.00)	\$(14,902.00)	\$12,244.00
Grants, Capital Contributions, Transfers In	\$-	\$-	\$-
Statutory Change in Net Position (2017 Law)	\$(23,819.00)	\$(14,902.00)	\$12,244.00
Statutory Change in Net Position (2018 Law)			\$12,244.00
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$-	\$-



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

## **Case: City of Blaine**

### **Staff Summary:**

On November 28, 2018, the Board ordered the City to comply with the following:

1. The Town shall have MTAS, TAUD, or another qualified expert:
  - a. perform an updated rate study with audited or unaudited fiscal year 2018 numbers;
  - b. review well-user flat fees and determine whether increases in said fees are necessary;
  - c. create a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs;
  - d. develop a plan of implementation of the foregoing capital asset budget; and
  - e. 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.
3. The City shall provide an update to Board staff to include the updated rate study and an implemented plan of action by April 19, 2019.

The Mayor did not have MTAS, TAUD, or another qualified expert complete the requirements of the order. The Town did raise rates on every class of customer and has voted to raise rates by 3% annually for the next five years. Staff believes the rate increases are enough to have Blaine in a positive net position. The Mayor has expressed interest to Staff that the City's sewer system should possibly be merged with another entity to better pool the resources used to run the system. Staff believes a potential merger of systems would be beneficial for the community.

### **Staff Recommendation**

Order the City to comply with the following:

1. The City shall explore merger possibilities with surrounding utilities.
2. The City shall send Board staff an update on merger possibilities no later than December 31, 2019.

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

*Marvin Braden, Mayor*

*Darrell Williams, Vice Mayor*

April 16, 2019

To: Ross Colona, Tennessee Comptroller Office  
From: Mayor Marvin Braden  
Date: April 15, 2019  
Subject: City of Blaine Sewer Financial Distress Notice

Dear Mr. Colona,

After talking with TAUD they stated it would be after the April deadline for a new rate study to be finished, and suggested to use the 2017 study that was conducted. The Blaine Mayor and Alderman voted in a rate increase of \$5.00 per month for all customers. This will generate \$16,140.00 per year. Also a rate increase for all well users not connected to water a few of \$15.00 will be charged for the first 1,000 gallons of wastewater. This will generate \$2,160.00. Commercial customers will also pay for first 1,000 gallons at \$15.00. This will generate \$3060.00. The total generated per year will be approximately \$21,360.00 per year. For the budget year 2018 to 2019 a credit for \$27,963.00 from Knoxville Utilities Board for power used at Sewer plant was added. Also approved was a 3% rate increase for the next 5 years, to prevent future financial shortfalls. The city has also created a capitalization policy to align with standards. I hope this helps to get the City of Blaine Sewer Department out of financial distress for the next 5 years.

Thanks,

Mayor Marvin Braden

Enclosure

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

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	<u>188</u>	<u>291</u>	<u>263</u>	<u>265</u>	<u>261</u>

Estimated Total Revenue Generated Under Current Rates

	<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
	<u>9,037,552</u>	<u>190,751</u>

If 0 gallons were included in the minimal

Variable (2,376,000/1000 * \$15.00)	2,376,000	\$ 35,640	Additional Revenue Generated
-------------------------------------	-----------	-----------	------------------------------

If 0 gallons were included in minimum plus increase of \$1.00 for variable

Variable (9,037,552/1000 * 1.00)	9,037,552	\$ 9,038	Additional Revenue Generated
----------------------------------	-----------	----------	------------------------------

If 0 gallons were included in minimum plus increase of \$2.00 for variable

Variable (9,037,552/1000 * 2.00)	9,037,552	\$ 18,075	Additional Revenue Generated
----------------------------------	-----------	-----------	------------------------------

If minimum billed was raised by \$2.00

Minimum (261 customers x \$2.00 x 12 months)		\$ 6,264	Additional Revenue Generated
--	--	----------	------------------------------

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





## Clarksburg

Entity Type  
City

County  
Carroll

Type  
Sewer

Details	2016	2017	2018
Revenue	\$66,835.00	\$69,635.00	\$69,705.00
Expenses	\$81,361.00	\$86,848.00	\$93,876.00
Operating Revenue	\$(14,526.00)	\$(17,213.00)	\$(24,171.00)
Non-Operating Revenues (Expenses)	\$(5,580.00)	\$(5,124.00)	\$(7,360.00)
Grants, Capital Contributions, Transfers	\$44,542.00	\$285,380.00	\$167,409.00
GAAP Change in Net Position	\$24,436.00	\$263,043.00	\$135,878.00
Grants, Capital Contributions, Transfers In	\$44,542.00	\$285,380.00	\$167,409.00
Statutory Change in Net Position (2017 Law)	\$(20,106.00)	\$(22,337.00)	\$(31,531.00)
Statutory Change in Net Position (2018 Law)			\$(31,531.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$-	\$-



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Deputy Comptroller

**Case: City of Clarksburg**

**Staff Summary:**

The City was referred on January 3, 2019 for financial distress. Upon review of the questionnaire, the City did have a substantive rate increase in February 2019, but staff is unable to determine if the rate increase is sufficient.

Pre- August 2018 Rates	
Flat Fee	\$14.00
Per Thousand	\$4.95

August 2018 - February 2019 Rates	
Flat Fee	\$15.00
Per Thousand	\$6.95

Current Rates	
Flat Fee	\$15.00
Per Thousand	\$11.00

**Staff Recommendation:**

Order the City to comply with the following:

1. The City shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board Staff, perform a rate study that includes the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs.
2. By October 31, 2019, the Town shall send Board Staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
3. By December 31, 2019, the City shall ensure that the members of the wastewater system's governing body have met all training requirements pursuant to Tenn. Code Ann. § 7-34-115(j).



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

4. By February 28, 2020, the City shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
5. Board Staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the City.

**CITY OF CLARKSBURG****P. O. BOX 117  
CLARKSBURG, TN 38324**

---

**HOWELL WAYNE TODD, MAYOR  
BARBARA MCCLURE, ALDERMAN  
JUDY GRANT SMITH, ALDERMAN  
LEIGH GRICE, CITY RECORDER**

1 May 2019

Water and Wastewater Financing Board  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

The response to your February 15, 2019 request for information concerning the City of Clarksburg's wastewater service is attached. Items included are:

1. Response to Part I of the Questionnaire
2. Response to Part II of the Questionnaire
3. Attachments A, C, D, E, and F referenced in Part II
4. Attachment B referenced in Part II.

Let us know if additional information is needed.

Sincerely,

A handwritten signature in blue ink that reads "Howell Wayne Todd".

Howell Wayne Todd  
Mayor

C: Alderman Barbara McClure  
Alderman Judy Grant Smith  
City Attorney Michael U. King

**CITY OF CLARKSBURG**  
**WWFB FINANCIAL QUESTIONNAIRE – PART I**  
**MAY 1, 2019**

1. Five-year history of your rates

March 2011 – August 2018: Minimum Bill \$14.00/\$4.95 per 1000 gallons  
September 2018 – February 2019: Minimum Bill \$15.00/\$6.95 per 1000 gallons  
February 2019: Minimum Bill \$15.00/\$11.00 per 1000 gallons

We only have one institutional customer, the South Carroll Special School District, and the rate is \$15.00 for the minimum bill plus \$22.00 per 1000 gallons

2. Five-year history of all utility fees  
Wastewater is our only utility. Nothing in addition to response to Question #1
3. Current Customer Contract used for new service accounts  
We have no new additions to service. When CDBG grants were awarded, residents in the grant area either subscribed to the service or were billed the minimum amount. There is a \$700 tap fee for new service after the sewer service is fully operational in the area covered by the CDBG grant.
4. Most current three-months of balance sheets and income statements  
**See Attachment A**
5. A copy of your debt management policy  
**See Attachment B**
6. A copy of your capitalization policy  
**See Attachment C**  
This policy is on the Agenda for May 20, 2019 for adoption.

---

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

 Mayor 1 May 2019

**CITY OF CLARKSBURG  
WWFB FINANCIAL QUESTIONNAIRE  
MAY 1, 2019**

1. Do you have a plan to remedy your financially distressed position?
  - a. If so, please provide a detailed copy
  - b. If not, please provide a detailed explanation

Yes. New city leadership was elected in August 2018. A small increase in rates was enacted in September 2018, and we used the first few months to determine whether or not the rate increase would mitigate against the deficit position. It did not. We made a further analysis in December/January and concluded that a significant increase was warranted. Notification was given at the January 2019 meeting that a rate increase would be on the February 2019 agenda. A copy of the news release following the February 2019 meeting is shown as **Attachment D** along with a copy of the publication in one of the local papers.

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.)?

The Mayor and Board of Aldermen set the rates and fees.

3. How many customers do you have currently? Please break out by metered, non-metered, billed and un-billed, and class (residential, commercial, etc.)?

There are 81 metered residential and commercial customers. There are 12 non-metered customers. There is one metered on the institutional rate – the school.

4. What percentage of your sales do the largest ten (10) customers (by volume and by revenue) represent on a yearly basis?

We do not sell wastewater.

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.

A rate increase was adopted February 24, 2019. An excerpt from the Minutes of the February 24, 2019 meeting is shown as **Attachment E**. Please also refer to **Attachment D** in the response to Question #1.

6. What is the justification for the current structure of your rates?

We recognize that the wastewater fund is a restricted fund which must operate on its revenues with no supplemental funding from outside sources/accounts. Our rates were structured to ensure that our revenue on a monthly basis exceeds the projected monthly

expenses which included \$1,000 monthly for maintenance. With full knowledge that the Comptroller frowns upon movement of city general funds into the wastewater account and recognition that doing so will likely incur an audit finding, we consulted with the Comptroller's State and Local Finance staff to seek guidance about how we best address the situation. We moved \$15,000 from the City's general fund to the wastewater account on February 24, 2019 to cover a pending \$5,000 bill plus covering a year to date deficit of \$8100. The immediate increase in rates is intended to place us in a positive position for the remaining months of the fiscal year and going forward.

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?

Rates are adjusted by the Mayor and Board of Aldermen in regular meetings. These meetings are appropriately noticed, and the results are reported widely in the media. With each CDBG grant, there has been a standard \$700 tap fee for customers who decide to hook up after the "go live" date of the area funded by the grant. There are no other fees.

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.

Our rates are publicized on the City's website on a real-time basis. They can be found at [www.clarksburgtn.org](http://www.clarksburgtn.org) and go to the drop-down under "Utilities". Moreover, the rates are included in our annual audit report. The rate increase adopted February 24, 2019, was publicized in the local newspapers along with distributing the news release to several local business establishments for posting. As to publicizing annually, we believe the real-time publicity on our website along with publication in our annual audit exceeds the necessity for an annual letter, and each increase is publicized in local media.

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/budget, please justify why you do not.

Our capital asset plan/budget has been consolidated in the overall wastewater budget. Historically, we have included \$12,000 annually for this purpose. Going forward with the 2019-20 City Budget, we will reflect that amount as a separate item in the wastewater budget.

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.

Yes, as a part of our review of the annual audit when all capital assets are reviewed. The Mayor and City Recorder review the list, and the Mayor informs the Aldermen if there are issues rising to the level necessitating a full board review.

11. Do you have any environmental issues currently or forthcoming that will put a financial burden on the system?

We are aware of none. Moreover, we work closely with the Clarksburg Utility District which provides water to this area, and their staff is well coordinated with our staff.

12. Do you have a leak adjustment policy?
- If so, what is the average yearly amount adjusted in gallons, cost to produce (or purchase), and lost revenue?
  - Please attach a copy of the policy.

Our Leak Adjustment Policy mirrors that of the Clarksburg Utility District (water). It is included as **Attachment F** along with three years of adjustments.

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.

Absolutely not. The Mayor commented during the February 24, 2019 meeting that we would not likely be in position to consider new debt for expansion of the sewer system until 2026 when the bonds for the initial construction were retired.

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?
  - If you purchase your water,
    - What is the cost per thousand?
    - Do you have a long-term purchase contract in place?

Water is supplied by an independent entity, the Clarksburg Utility District. The City neither produces or purchases water. Sewer rates are tied to water usage.

17. Do you have any wholesale customers?
- Do you have written contracts with those customers?

No



18. What is your current non-revenue water percentage?
- Do you have any plans for improving your non-revenue water percentage?
  - If so, please provide a detailed explanation.

The City does not operate the water system. That service is provided by the Clarksburg Utility District, an independent agency.

19. With respect to your governing board, how frequently do you meet and what is your practice of providing notice of your meetings?

We meet monthly on the fourth Monday night. Agendas are posted at least three days in advance to the news media, on the City website, and hard copies posted at local businesses and post office.

20. Has your governing body meet the applicable training requirements?
- Please provide a list of Board members and their election/appointment dates.
  - Please review the training requirements at <https://www.comptroller.tn.gov/WWFB/>

The current Mayor is Dr. Howell W. Todd who was elected August 2018.  
Aldermen are Barbara McClure who was elected August 2014 and Judy Grant Smith who was elected August 2018.

We are mindful of the need to complete our training by the end of the year. We are currently accessing the training provided by Traineaze provided by the Comptroller's Office.

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

Signature:  Title: MAYOR DATE: May 1, 2019



## CITY OF CLARKSBURG

P. O. BOX 117  
CLARKSBURG, TN 38324

HOWELL WAYNE TODD, MAYOR  
BARBARA MCCLURE, ALDERMAN  
JUDY GRANT SMITH, ALDERMAN  
LEIGH GRICE, CITY RECORDER

### NEWS RELEASE

February 26, 2019

Contact: Howell Todd/415.8817

### Clarksburg's Sewer Rates Increasing

Sewer customers in Clarksburg will see an increase in their sewer bills beginning with their March bills as a result of action taken during the regular meeting of Clarksburg's Mayor and Board of Aldermen on Monday night. The minimum bill will remain at \$15 per month, but the usage per gallon of water will increase by \$.00405, or \$4.05 per thousand gallons. The current rate is \$6.95 per thousand gallons, and the new rate will be \$11.00 per thousand gallons. Clarksburg's current minimum bill consists of 1500 gallons plus \$15 for a total of \$25.43. The new minimum bill will be \$31.50, or approximately \$6 per month. Among the customer base in the City, the average use is 2500 gallons. Those users will see an increase of approximately \$10 per month.

Mayor Howell Todd presented an overview of why the increase was necessary at this time. "The wastewater account had a deficit of \$24,000 last year, and we are on track to have a \$11,000 deficit this year. We simply cannot ignore this, for we do so at our peril" said Todd. "I have already received a letter from the State Comptroller requiring us to respond by May 24 to a lengthy questionnaire concerning why we allowed the \$24,000 deficit to occur. To continue in a deficit status will guarantee that the state will come in and set the rates for us, and you can be assured that they will not be merciful." Todd continued. "It is a matter of whether we address it on our own terms and show the Comptroller that we are owning the problem and committed to fixing it or simply ignore it and let the State handle it."

When asked why the Wastewater Account had reached this crisis stage, Todd said that rates should have been gradually increased over the years since the sewer system began in 2005. "I can't comment on those years back that far. We can only find a very minimal increase in 2012, and then a minimal increase last summer. The proverbial chickens have come home to roost." he said. "When utility systems are new, it is easy to think that the need for maintenance isn't a priority. Then you wake up a few years later when problems begin to occur, and there is no money to replace pumps or address other maintenance issues." "It really bothers me that the problem has reached a critical stage here in the first few months of my administration, but we are going to fix it. We owe it to the city to make the right decisions which will keep us

ATTACHMENT D-1

moving forward and make every effort to minimize the hurt these decisions have on our<sup>83</sup> citizens. What really bothers me most is the impact even a small increase will have on those on fixed incomes, especially the elderly. I wish we could have avoided it."

In other business, the Mayor and Board authorized a transfer of \$15,000 from the city's general fund to the Wastewater Account. "Our current deficit is \$8100. The increase in rates will hopefully allow the final four months of the year to have a positive balance. We have a \$5,000 bond payment due, and the transfer from the general fund will allow us to cover these issues." "I am making this recommendation with the full knowledge that this action is frowned upon by the State, and we can be certain that there will be an audit finding for this year's annual audit. We simply have to take the hit, for we have no alternative. We have to pay our bills." Todd noted that utility funds like the wastewater account must be operated separately from the general business of the city. No funds may be taken from the utility accounts and used by the city for other purposes. Similarly, no funds may be taken from the city's general fund and placed in the wastewater account without incurring an audit finding. Todd noted that the deficit issues only pertain to the wastewater account and that the City's overall budget situation was in great shape.

Todd noted that a new policeman had been employed effective Monday. Kenny Tucker, a deputy for the Carroll County Sheriff, will cover the morning shift as his work schedule allows. Authorization to purchase the new Christmas decorations for the city was also approved. "The people of this city and a few significant businesses have been extraordinarily generous with us, and we are very near our fundraising goals," Todd said. The new "Snowflake" designs will be erected on utility poles extending from the Dollar General Store to the Cowboy Store. A resolution promoted by the Carroll County Health Department was adopted making the City Park a smoke free zone including the use of electronic nicotine delivery systems (ENDS). The financial reports for the month of January were also approved.

D-2

City of Clarksburg  
Clarksburg, Tennessee

Meeting of the Mayor and Aldermen  
February 25, 2019

Attending

Mayor Howell Todd  
Alderman Judy Smith  
Attorney Michael King  
Leigh Grice, City Recorder

Neal Bartholomew Ben Stokes  
Linda Roney  
Teddy Bartholomew  
Andrew Stokes

Call to Order

The Mayor and Aldermen met on February 25, 2019 at Clarksburg City Hall. Mayor Todd called the meeting to order at 6:00 p.m. Prayer by Bro. Andrew Stokes. The minutes were read by Leigh Grice. Minutes stood approved as read.

Old Business

1. We are still waiting on appraisal for the sidewalk easement.
2. The SRTS Project is in the process of advertising for bids.

New Business

1. Ben Stokes with Troop 276 is working toward his Eagle Scout Certification. For his service project, Mr. Stokes would like to implement improvements to the city park by placing exercise stations throughout the park. Alderman Smith made a motion to approve the concept of Fit Trails for Parks and would like for Mr. Stokes to keep the board apprized of the progress. Seconded by Mayor Todd. Motion passed.
2. Mayor Todd presented a Resolution for the Control and Elimination of Tobacco and Secondhand Smoke in Public Parks and Playground. Alderman Smith made a motion to accept, seconded by Mayor Todd. Motion passed.
3. The Board discussed the Wastewater Fund and even with the rate increase in September 2018, the rate increase was not substantial enough to eliminate the debt that is being incurred. Mayor Todd made a motion to transfer \$15,000.00 from the General Fund to the Wastewater Fund, seconded by Alderman Smith. Motion passed.
4. Mayor Todd also made a motion that the sewer rate be increased from \$6.95 per thousand gallons to \$11.00 per thousand gallons. With the minimum bill staying at \$15.00. Seconded by Alderman Smith. Motion passed.
5. Mayor Todd asked that the board allow him to use a purchase order up to \$15,000.00 to purchase the Christmas Lights with the donated funds that have been raised. Alderman Smith made a motion, seconded by Mayor Todd. Motion passed.

ATTACHMENT E-21

6. The Financial Report for January 2019 was reviewed. Alderman Smith made a motion to accept, seconded by Mayor Todd. Motion passed.
7. Mayor's Report: Mayor Todd let the board know he has hired Officer Kenny Tucker to work the morning shift. Leigh Grice is working on a schedule for police hours to make sure that we have coverage when needed and not just when officers want to work.
8. Alderman Smith made a motion to adjourn at 7:13 p.m., seconded by Mayor Todd. Motion passed.

Respectfully submitted,

Leigh Grice

Leigh Grice, City Recorder

E-2



## Copperhill

Entity Type  
City

County  
Polk

Type  
Water and Sewer

Details	2016	2017	2018
Revenue			
Expenses			
Operating Revenue			
Non-Operating Revenues (Expenses)			
Grants, Capital Contributions, Transfers			
GAAP Change in Net Position			
Grants, Capital Contributions, Transfers In			
Statutory Change in Net Position (2017 Law)			
Statutory Change in Net Position (2018 Law)			
Net Pension and OPEB Asset			
Net Pension and OPEB Liability			



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Case: City of Copperhill**

**Staff Summary:**

The City of Copperhill was referred for a total net deficit in its water and sewer fund for the 2015 fiscal year on March 5, 2018. On November 28, 2018, the Board voted to order the City to comply with the following:

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

The City has not been able to obtain its 2016 fiscal year, 2017 fiscal year, or 2018 fiscal year audits due to issues with their auditor, Marvin Chance, who was referred to the City by its MTAS consultant.

Board staff received a financial update from the City. The City now purchases its water from Copper Basin Utility District at \$3.50 per 1,000 gallons.

**Staff Recommendation:**

1. The City shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board Staff, perform a rate study that includes the following:
  - i. a review of the capitalization policy, including any recommended modifications;
  - ii. creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs; and
  - iii. a review of the leak adjustment policy, including any recommended modifications.
2. By October 31, 2019, the City shall send Board Staff a copy of the contract between the City and the qualified expert that is to perform the tasks in paragraph 1.
3. By February 28, 2020, the City shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
4. Board Staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the City.

Name/Service Address
City of Copperhill TN 5700 Hwy 64 E Meter Pit

**Copper Basin Utility District**

2597 Highway 68  
Turtletown, TN 37391-  
Phone: (423) 496-5744  
Fax: (423) 496-3095  
Email: cbuwater@etcmail.com  
Website: http://www.copperbasinud.com

88  
Office Hours: Monday - Friday 8am-4pm  
Except Holidays

In case of emergency please call:  
423-241-0255 423-241-5319 423-241-3748  
423-548-2820 423-241-7532 423-241-9449

Account Number	Service Period
004-01600-01	06/19/2019 - 07/20/2019

Payment History	
07/10/2019	10,128.62

SERVICE	CURRENT READING	PREVIOUS READING	USAGE	CHARGES
WA	4258930	1002560	3,256,370	11,397.30

LAST DAY BEFORE LATE	TOTAL AMOUNT WITH LATE	NET AMOUNT DUE NOW
08/15/2019	12,537.03	11,397.30

ANY ARREARS IS SUBJECT TO IMMEDIATE DISCONNECTION

Copper Basin Utility District is expanding our water loss coverage through our new ServLine Program and providing our residential customers the opportunity to add line repair and replacement coverage. To receive further information about this, feel free to call 423-303-2665.

The annual CBUD Water Quality Report is available at [www.copperbasinud.com/ccr](http://www.copperbasinud.com/ccr).  
If a paper copy is desired, please call the office.

PLEASE RETURN BOTTOM PORTION WITH PAYMENT OR BRING ENTIRE STATEMENT WHEN PAYING IN PERSON

**Copper Basin Utility District**

2597 Highway 68  
Turtletown, TN 37391-

Phone: (423) 496-5744 EMail: cbuwater@etcmail.com Website: http://www.copperbasinud.com

City of Copperhill TN  
PO Box 640  
Copperhill, TN 37317

ACCOUNT INFORMATION	
ACCOUNT NUMBER	004-01600-01
<b>AMOUNT DUE NOW</b>	11,397.30
LATE CHARGE AMOUNT IF NOT PAID BY DUE DATE	1,139.73
IF PAID AFTER DUE DATE	12,537.03
DUE DATE	08/15/2019
DATE OF BILL	07/22/2019

**Copper Basin Utility District**  
2597 Highway 68  
Turtletown, TN 37391-



**Receipt History**

Dates from 07/01/2018 through 07/23/2019

Account No.	Location No	Name	Billing Address		Home Phone			
			Receipt Date	Receipt No.	Resp. Init.	How Paid	Trans. Amount	
000005-01	00005	CITY OF MCCAYSVILLE.		P.O. BOX 6		(706)492-4921		
			07/13/2018	000000026743	ARB	CHECK 5197	-24397.62	
			08/10/2018	000000027109	ARB	CHECK 5230	-22166.67	
			09/10/2018	000000027424	ARB	CHECK 5269	-23804.87	
			10/10/2018	000000027944	ARB	CHECK 5311	-23457.12	
			11/14/2018	000000028410	ARB	CHECK 5343	-23524.64	
			12/26/2018	000000028849	ARB	CHECK 5401	-25000.00	
			01/14/2019	000000029208	ARB	CHECK 5413	-25000.00	
			02/12/2019	000000029566	ARB	CHECK 5449	-29193.87	
			03/12/2019	000000029993	ARB	CHECK 5483	-30899.31	
			04/10/2019	000000030387	ARB	CHECK 5525	-23109.77	
			05/10/2019	000000030788	ARB	CHECK 5563	-29619.81	
			06/11/2019	000000031162	ARB	CHECK 5594	-28495.76	
			07/09/2019	000000031437	ARB	CHECK 5624	-27468.28	
					Total Count:	13	Total Amount:	-336137.72

*old contract*

*from 2/12/19 to 7/09/19 you can see the increase in sewer revenue with the new contract. . . average will be 27, to 29,000.*

2:48 PM

07/23/19

City of Copperhill  
Vendor QuickReport  
March 1 through July 23, 2019

---

Type	Date	Num	Memo	Account	Clr	Split	Amount
<b>Copper Basin Utilites</b>							
Check	03/13/2019	47984	Invoice # 1564	1050 · Water & Sew...	X	6130 · WS-Pur...	-10,523.52
Check	05/17/2019	48041	Invoice # 165...	1050 · Water & Sew...	X	6130 · WS-Pur...	-11,453.87

See the difference in  
monthly premium.  
That we are paying now

2:46 PM

07/23/19

**City of Copperhill**  
**Vendor QuickReport**  
 June 1, 2018 through July 23, 2019

Type	Date	Num	Memo	Account	Clr	Split	Amount
<b>Copper Basin Utility District</b>							
Check	04/12/2019	48006	Invoice #1567...	1050 · Water & Sew...	X	6100 · WS-Op...	-11,049.64
Check	06/14/2019	48053	Invoice # 166...	1050 · Water & Sew...	X	6100 · WS-Op...	-11,864.93
Check	07/09/2019	48065	Invoice # 166...	1050 · Water & Sew...		6100 · WS-Op...	-10,128.62

2:49 PM

07/23/19

**City of Copperhill**  
**Vendor QuickReport**  
 January 1 through July 23, 2019

Type	Date	Num	Memo	Account	Clr	Split	Amount
<b>City of McCaysville</b>							
Check	01/11/2019	ACH	Water Bill	1050 · Water & Sew...	X	-SPLIT-	-13,099.00
Check	01/28/2019	ACH	Water Bill	1050 · Water & Sew...	X	-SPLIT-	-106.60
Check	01/28/2019	ACH	Water Bill	1050 · Water & Sew...	X	-SPLIT-	-16,704.50
Check	02/28/2019	ACH	Water Bill	1050 · Water & Sew...	X	-SPLIT-	-171.40
Check	02/28/2019	ACH	Water Bill	1050 · Water & Sew...	X	-SPLIT-	-19,001.00
Check	04/12/2019	ACH	Water Bill Apr...	1050 · Water & Sew...	X	-SPLIT-	-602.30
Check	05/21/2019	ACH		1050 · Water & Sew...	X	-SPLIT-	-193.00
Check	07/15/2019	ACH	4.355500.1	1050 · Water & Sew...		-SPLIT-	-148.80

the smaller checks of 148.80  
 + other are the water payments  
 on the waste water plant.  
 we still have McCaysville  
 on that line for now.



## Dunlap

Entity Type  
City

County  
Sequatchie

Type  
Water and Sewer

Details	2016	2017	2018
Revenue	\$1,843,478.00	\$1,978,924.00	\$2,074,146.00
Expenses	\$1,936,718.00	\$2,060,797.00	\$1,992,181.00
Operating Revenue	\$(93,240.00)	\$(81,873.00)	\$81,965.00
Non-Operating Revenues (Expenses)	\$(187,726.00)	\$(165,350.00)	\$(216,041.00)
Grants, Capital Contributions, Transfers	\$-	\$-	\$-
GAAP Change in Net Position	\$(280,966.00)	\$(247,223.00)	\$(134,076.00)
Grants, Capital Contributions, Transfers In	\$-	\$-	\$-
Statutory Change in Net Position (2017 Law)	\$(280,966.00)	\$(247,223.00)	\$(165,606.00)
Statutory Change in Net Position (2018 Law)			\$(134,076.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$239,794.00	\$208,264.00



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Case: City of Dunlap**

**Staff Summary:**

On March 14, 2019, the Board ordered the City to do the following:

1. The City shall have the Municipal Technical Advisory Service, the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff assist in completing the financial questionnaire previously sent by Board staff.
2. The City shall send the completed financial questionnaire and all supporting documentation to Board staff by May 31, 2019.
3. If the City does not comply with the contents of this order, the Case will be passed to the Office of the Attorney General for Judicial Proceedings.

The City complied with the directives. Upon review of the questionnaire, there are several discrepancies regarding the City's utility system that staff feel necessary to address. Also, the City indicated that the utility system's governing body may not be currently compliant with the training requirements.

**Staff Recommendation:**

Order the City to comply with the following:

1. The City shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
  - i. a review of the capitalization policy including any recommended modifications;
  - ii. a justification for varying rate classes;
  - iii. creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs; and
  - iv. a review of the leak adjustment policy, including any recommended modifications.
2. By October 31, 2019, the Town shall send Board Staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

3. By December 31, 2019, the Town shall send Board staff proof that all members of the utility system's governing body have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
4. By February 28, 2020, the City shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
5. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the City.



DWAIN LAND  
Mayor

Telephone 423-949-2115  
Fax 423-949-3359  
Email: cityofdunlap@bledsoe.net

**THE CITY OF  
DUNLAP, TENNESSEE**

15595 Rankin Avenue  
P.O. Box 546  
Dunlap, Tennessee 37327

Commissioners

BRYAN HARMON  
JEFF HARMON  
ALLEN JONES  
JUDY H. LAYNE

May 30, 2019

Ross Colona  
Tennessee Comptroller of the Treasury  
Water & Wastewater Financing Board  
Fourth Floor Cordell Hull Building  
425 Fifth Avenue North  
Nashville, TN 37243

Dear Ross,

The following is the requested information from the City of Dunlap Water and Sewer Fund. I am scanning all the documents and attaching them in my email. I can mail signed originals if needed.

Please contact me if they are any questions.

Respectfully,

Norman D. Hatfield, CMFO  
City Recorder/Treasurer  
City of Dunlap, Tennessee



**PART 1**

1. Copies of rates attached
2. A copy of utility fees is attached dated July 7, 2006. A new proposed schedule is currently being worked on, however the schedule has not been presented to the Board for discussion.
3. The blank customer contract form is attached.
4. The accounting software is setup with water and sewer combined into one set of accounts. I have attached a trial balance as of April 30, 2019 to showing all accounts. The Income section is combined with Water and Sewer, however the sales are shown separately. The Expenses section is divided into divisions as follows:
  - a) 901 accounts-all expenses related to Water distribution
  - b) 902 accounts-all expenses related to Sewer collection
  - c) 903 accounts-all expenditures for Bonds and or capital projects
  - d) 904 accounts-all expenses related to the Sewer plant
  - e) 905 accounts-all expenses related to the Water Treatment Plant
  - f) 906 accounts-all expenses related to the GIS department

I am attaching a budget to actual comparison statement for revenues and expenditures as of April 30, 2019.

5. Copy of policy is attached
6. The City does not have a documented policy for capitalization. The City has used \$1,000.00 as the amount for capitalization for many years. This is the amount used in the audited financial statements.

## PART 2

1. The Board was informed in 2017 that the Water/Sewer system would be required to come up with a plan to avoid net losses in the future. The Mayor created a new rate schedule that was presented to the Board by resolution in September 2017. The new rate schedule was approved as the previous rate change was made in the fall of 2014. The rate increased minimum bills from \$17.00 and \$20.00 to \$22.85 and \$29.85. The increase also increased the fees per thousand gallons on water used above the minimum. The increased rates were in place for a portion of the year ending June 30, 2018 and for the entire portion of the year ending June 30, 2019.

A comparison of the water sales by year reflects that revenues for FYE's in June 2017 and 2018 was approximately \$1,494,000 and \$1,564,000. I am projecting that the FYE June 2019 will be approximately \$1,709,000.

The rate increase went into effect in the 2017-2018 FYE. The 2016-2017 FYE reflected an operating loss of \$81,873 and a Change in Financial Position decrease of \$247,223. The effect of the rate increase resulted in the FYE 2017-2018 financial statements showing a Net Operating Income of \$81,965 and the Change in Financial Position decrease was \$134,076, a positive improvement of \$113,147. The rate increase along with attempting to keep expenses down will result in positive increases.

I have discussed with the Mayor and he has agreed that a review of expenses is now necessary for the FYE June 2020 and that smaller rate increases are required on a regular basis to offset the annual increases associated with expenses.

I have recommended that a rate schedule study be performed by either TAUD or MTAS

2. The City has one Board of Mayor and Commissioners. The City does not have a separate utilities Board
3. 2,818 regular customers. A schedule is attached showing customer counts by various rate schedules.
4. The Water System does not have any one customer that constitutes a high percent of its water usage. In June 2018 the top ten highest billings only reflected 7% of the total monthly revenue from water sales.
5. The latest rate increase was approved by Resolution in the month of September 2017.
  - a) Approved September 2017
  - b) No discussions with Board since rate increase
6. Current rates necessary to fund operating expenses including depreciation expense and to provide funds for repayment of debt principal and interest.
7. All rates for water and sewer including other fees are presented to the Board by Resolution with an attached rate schedule.

8. Water and Sewer rates with applicable fees are posted at City Hall. Rate schedules are provided upon request by any customer. Businesses requesting water normally request a rate schedule and the schedule is faxed to the customer.
9. No, we do not have a Capital Asset Plan or Capital Asset Budget.
  - a) None
  - b) The major water system improvements have been driven by customer demand. Water service is available to substantially all of Dunlap and the surrounding Sequatchie County area serviced by the Dunlap Water System. These additions were funded primarily by CDBG grants and Rural Development grants/loans. Current improvements or extensions are required to be installed by the developers at no cost to the Water System. Other improvements or repairs are reviewed on a case by case basis.
10. The City Recorder has a listing of all assets capitalized and being depreciated.
  - a) Reviewed annually as part of the financial audit.
  - b) n/a
11. The Sewer system is under a self-imposed moratorium on sewer connections for Inflow and Infiltration with the Sewer System. As part of the moratorium, repairs to the sewer system are given to an engineer who calculates Inflow and Infiltration decreases and these repair calculations are reported to TDEC. This allows points to be accumulated that allows additional sewer customers to be added. The City is pursuing grants to assist with repairs to the sewer system
12. Yes
  - a) The average over the last three (3) years is \$10,079.00 per year. Leak adjustments are allowed "one per lifetime" and must be approved by the Board if over \$500.00. Below \$500.00 adjustments can be approved by the City Recorder as per the attached policy.
  - b) See Attached
13. No
14. Yes
  - a) 1. The City received an ARC grant for approximately \$200,000 for replacement and upgrades to the Industrial Park Water Pump Station. The grant and work are being completed in the FYE June, 2019
  2. The City was awarded a CDBG grant for water system improvements relating to water loss and water loss controls. The grant is being used for engineering, design and construction including water loss monitoring, system wide leak detection, zone meters for flow based leak detection and SCADA continuous flow monitoring. The work has begun in the FYE June, 2019 and will be completed in the FYE June, 2020.
15. No other application pending
16. Produce
  - a) \$2.47 per thousand
17. Yes. Tennessee American Water (Whitwell) and the City of Pikeville
  - a) Yes, contracts with both
18. 37.8 percent in FYE June 2018 audited financial statements

- a) The Water System in the FYE June 2019 completed its conversion to all new meters which are the radio read style. The CDBG grant is being used to lower the water loss in the system.
19. The Board of Mayor and Commissioners meets monthly in a regular meeting on the third Thursday. Special called meetings are as necessary. The meeting notice is published in the local newspaper and is usually posted by a privately operated local internet news site. The agenda is posted to city website and posted on the door at City Hall on the Tuesday before the meeting.
20. Three members of the Board has met the training requirements. The new Commissioner who replaced the Vice-Mayor who unexpectedly passed away in late 2018 has not taken any classes. The new Commissioner was elected to his office in May 2019. Board members are elected to four (4) year terms.
- a) George D (Dwain) Land, Mayor   elected May 2017
  - Judy Layne, Vice-Mayor        elected May 2017
  - Jeff Harmon, Commissioner     elected May 2017
  - Allen Jones, Commissioner     elected May 2019
  - Bryan Harmon, Commissioner   elected May 2019



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

WWFB Financial Questionnaire

Utility: City of Dunlap  
Water/Sewer Fund

**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 three-months of balance sheets and income statements (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.
  - b. If not, please provide a detailed explanation.
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/budget, 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 purchase 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: City Recorder Date: 5/30/2019

Please mail, e-mail(preferred), 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**

WATER  
 May 2019

Rate Code	Description	No. of Bills	Total Consumed	Average Consumption	Revenue Dollars	Sales Tax	Other Tax	Surcharge	Total
1	WATER INSIDE RESIDENTIAL	1,643	55,745	34	51,844.37	5,035.96	0.00	0.00	56,880.33
2	WATER INSIDE COMMERCIAL	244	10,019	41	10,575.90	840.08	0.00	0.00	11,415.98
3	WATER OUTSIDE RESIDENTIAL	832	30,837	37	48,434.25	4,695.83	0.00	0.00	53,130.08
4	WATER OUTSIDE COMMERCIAL	15	387	26	1,037.65	51.83	0.00	0.00	1,089.48
5	WATER INSIDE 1" METER	50	8,622	172	7,191.25	470.64	0.00	0.00	7,661.89
6	WATER OUTSIDE 1" METER	4	399	100	882.90	86.09	0.00	0.00	968.99
7	WATER INSIDE 1.5" METER	1	4	4	90.85	0.00	0.00	0.00	90.85
9	WATER CONSUMPTION ONLY	① 15	17,170	1,145	0.00	0.00	0.00	0.00	0.00
10	WATER-PIKEVILLE SALES	1	0	0	0.00	0.00	0.00	0.00	0.00
11	WATER- TN AMERICIAN SALES	1	2,260	2,260	696.08	0.00	0.00	0.00	696.08
12	WATER INSIDE 2" METER	26	12,848	494	9,670.25	590.36	0.00	0.00	10,260.61
14	WATER INSIDE 4-6" METERS	3	5,390	1,797	2,690.75	11.79	0.00	0.00	2,702.54
	Service Totals	2,835	143,681	51	133,114.25	11,782.58	0.00	0.00	144,896.83

Sales Tax Summary

Sales Tax Rate	--- Total Dollars ---		Inside City Dollars		Outside City Dollars	
	Revenue	Sales Tax	Revenue	Sales Tax	Revenue	Sales Tax
0.00	11,279.04	0.00	9,686.56	0.00	1,592.48	0.00
9.75	120,639.13	11,764.63	84,154.68	8,206.40	36,484.45	3,558.23
1.50	1,196.08	17.95	1,196.08	17.95	0.00	0.00
Totals	133,114.25	11,782.58	95,037.32	8,224.35	38,076.93	3,558.23

Other Tax Summary

Other Tax Rate	--- Total Dollars ---		Inside City Dollars		Outside City Dollars	
	Revenue	Sales Tax	Revenue	Sales Tax	Revenue	Sales Tax

① THESE METERS INCLUDE THE WATER PLANT, SEWER PLANT and ALSO SEWERS WHERE WE MONITOR WELL WATER CONSUMPTION FOR BILLING OF SEWER- CAR WASH SITES and LAUNDRY MAT ON WELL WATER but tied to the City SEWER

WATER AND SEWER TAP FEES  
EFFECTIVE JULY 7, 2006

WATER TAPS

METER SIZE:	INSIDE	OUTSIDE	
3/4"	\$ 600	\$ 700	
1" *	\$ 800	\$ 800	
1 1/2" *	\$ 800	\$ 800	
2" - STANDARD *	\$1,600	\$1,600	2" Standard and
2" - TURBINE *	\$1,600	\$1,600	Turbine meters are
2" - COMPOUND *	\$1,600	\$1,600	no longer used
3" - UP *	\$1,600	\$1,600	

Tap fees are based on getting to the property line with 100' or less. Anything over 100' must have approval of the water department and Will be at the expense of the customer

- All water taps 1" or larger will be the fees listed above plus any extra Material/equipment cost.

SEWER TAPS

REGULAR	\$800
FORCE MAIN	\$900

Sewer tap fees are based on getting to the property line with 30' or less. Anything over 30' must have approval of the sewer department and will Be at the expense of the customer.

Any state road crossing costs associated with a water or sewer tap will be the Responsibility of the customer.

INSPECTION FEES (effective 6-5-08)

Fees for inspection of the installation of water and sewer lines:

\$100 minimum for up to the first two hours  
\$25 per hour for actual time spent thereafter

*Commercial & Industrial - needs Back Flow preventer*





## Friendship

Entity Type  
City

County  
Crockett

Type  
Water

Details	2016	2017	2018
Revenue	\$166,411.00	\$162,274.00	\$132,580.00
Expenses	\$166,234.00	\$246,338.00	\$264,634.00
Operating Revenue	\$8,435.00	\$(84,064.00)	\$(132,054.00)
Non-Operating Revenues (Expenses)	\$52.00	\$148.00	\$(9,372.00)
Grants, Capital Contributions, Transfers	\$-	\$219,126.00	\$-
GAAP Change in Net Position	\$203,994.00	\$135,210.00	\$(141,426.00)
Grants, Capital Contributions, Transfers In	\$-	\$219,126.00	
Statutory Change in Net Position (2017 Law)	\$(67,997.00)	\$(83,916.00)	\$(166,916.00)
Statutory Change in Net Position (2018 Law)			\$717,212.00
Net Pension and OPEB Asset		\$-	\$13,033.00
Net Pension and OPEB Liability		\$12,457.00	\$-



## Friendship

Entity Type  
City

County  
Crockett

Type  
Sewer

Details	2016	2017	2018
Revenue	\$149,835.00	\$144,102.00	\$157,683.00
Expenses	\$156,755.00	\$177,942.00	\$174,544.00
Operating Revenue	\$475,607.00	\$(33,840.00)	\$(16,861.00)
Non-Operating Revenues (Expenses)	\$(7,123.00)	\$(531,149.00)	\$70.00
Grants, Capital Contributions, Transfers	\$43,476.00	\$1,046,803.00	\$71,615.00
GAAP Change in Net Position	\$577,717.00	\$481,814.00	\$54,824.00
Grants, Capital Contributions, Transfers In	\$43,476.00	\$1,046,803.00	\$71,615.00
Statutory Change in Net Position (2017 Law)	\$359,093.00	\$(564,989.00)	\$(41,119.00)
Statutory Change in Net Position (2018 Law)			\$11,510.00
Net Pension and OPEB Asset		\$-	\$15,133.00
Net Pension and OPEB Liability		\$9,195.00	\$-



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

### **Case: City of Friendship**

#### **Staff Summary:**

On March 14, 2019 the Board ordered the city to do the following:

1. The City shall have the Municipal Technical Advisory Service, the Tennessee Association of Utility Districts, or another qualified expert, as approved by Board staff, assist in completing the questionnaires previously sent by Board staff.
2. The City shall send the completed questionnaires and all supporting documentation to Board staff by May 31, 2019.
3. If the City does not comply with the contents of this order, the Case will be passed to the Office of the Attorney General for Judicial Proceedings.

The City complied with the above directives. The City has also agreed to be part of a comprehensive study by TAUD. The study is being funded through a USDA pilot project.

#### **Staff Recommendation:**

Order the City to comply with the following:

1. The City shall send a progress report of the TAUD study to Board staff no later than December 31, 2019.
2. The City shall not initiate any major capital projects without expressed consent of Board staff until the Board releases the City from its oversight.
3. The City shall not take on any new debt without expressed consent of Board staff until the Board releases the City from its oversight.
4. Board staff may grant the City an extension of up to six months to comply with the foregoing deadlines upon showing of good cause.

# City of Friendship

MAYOR:  
Casey Burnett  
CITY RECORDER:  
Debra J. Butler  
CITY CLERK:  
Terrie Smith  
PUBLIC WORKS DIRECTOR:  
Casey Burnett  
POLICE CHIEF:  
Bill Garrett

P.O. Box 265  
631 Main Street  
Friendship, TN 38034

Phone: 731-677-2396  
Fax: 731-677-2496

[friendshipcitytn@cableone.net](mailto:friendshipcitytn@cableone.net)

ALDERMEN:  
John D. Marvin  
Johnny Elmore  
Bob Garrett  
Rickey Ange

FIRE CHIEF:  
Casey Burnett

April 8, 2019

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

[utilities@cot.tn.gov](mailto:utilities@cot.tn.gov)

Dear Mr. Greer:

Thank you for your patience. Please find the attached:

WWFB Financial Questionnaire  
Excessive Non-Revenue Water Loss Compliance  
Water Audit Data Validity Score Compliance  
Supporting Documentation


I have included documentation of the City's AWWA Free Water Audit. Please note the following scores:

2018	82 out of 100
2017	70 out of 100
2016	83 out of 100
2015	82 out of 100

Please note that the City of Friendship no longer operates a Waste Water Treatment Plant. We currently pump sewage to Dyersburg.

Mr. Tony Wyatt with the Tennessee Association of Utility Districts assisted me with this questionnaire. I hope you find everything in order. Please let me know if you need further information.

Sincerely,



Debra J. Butler

## WWFB Financial Questionnaire

City of Friendship

Utility \_\_\_\_\_

**Instructions: Please submit the following information**

1. Five-year history of your rates (all rate classes and types)

**Water Rates:**

Feb 2014:

All Customers. First 3,000 Gallons... \$22.50.

Over 3,000 Gallons... \$6.00.

Feb 2015 and current:

All customers. First 3,000 Gallons... \$24.00.

Over 3,000 Gallons... \$7.00.

**Sewer Rates:**

Feb 2014:

Residential. First 3,000 Gallons... \$22.50.

Over 3,000 Gallons... \$6.00.

Max Charge: \$46.50.

Commercial. First 3,000 Gallons... \$22.50.

Over 3,000 Gallons... \$6.00.

Max Charge: No Max.

Feb 2015 and current:

Residential. First 3,000 Gallons... \$24.00.

Over 3,000 Gallons... \$7.00.

Max Charge: \$52.00.

Commercial. First 3,000 Gallons... 24.00.

Over 3,000 Gallons... \$7.00.

Max Charge: No Max.

**Natural Gas Rates:**

Jan 2019:

First 100 Cubic Feet... \$7.00 Per 100 Cubic Feet... \$1.47

**Sanitation Rates: Per Month...**

Cart: \$13.00...

Dumpster 2 Yard: \$82.00...

Dumpster 4 Yard: \$110.00...

Dumpster 6 Yard: \$132.00...

Dumpster 8 Yard: \$160.00

2. Five-year history of all utility fees (include records of how you rationalized charges for: tap fees, reconnection fees, etc.)

Water Tap Fee: \$200.00...

Sewer Tap Fee... \$200.00.

Reconnect Fee: \$30...

Customer Deposit Prior to March 7, 2016:

Water Deposit Home Owner: \$15.00

Water Deposit Renter: \$75.00



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Deputy Comptroller

- Non-Refundable Fee March 7, 2016  
\$60.00 Split Among Applicable Services  
See Attached: **Fair User Charge System** for rationalization of charges
3. The current customer contract used for new service accounts  
See Attached: **Customer Contract Entitled Water/Sewer Deposit Certificate**
  4. Most current three-months of balance sheets and income statements (accounts must be broken out by water and sewer **if applicable**; you may need to estimate or use a percentage for each).  
See Attached: **Balance Sheet, Statement of Accounts and Bank Statement Reconciliation**
  5. A copy of your debt management policy.  
See Attached: **Debt Management Policy**
  6. A copy of your capitalization policy (by which you decide whether you capitalize versus expense items). See Attached: **Capital Assets Statement** that appears annually in the City's audit report.

**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.**  
The City plans to:  
Bring in more money by increasing rates.  
Change the minimum from 3,000 gallons to 0 gallons.  
Increase the customer nonrefundable fee.  
Consult with TAUD and/or MTAS regarding a rate study.  
Cut off customers with delinquent balances routinely.
  - b. **If not, please provide a detailed explanation.**
2. Who has the authority to set rates and fees?  
The Friendship Board of Mayor and Aldermen.  
Do you have a board or committee separate from your local legislative body (board of mayor and aldermen, etc.)? No.
3. How many customers do you have currently? Please break out by metered, non-metered, billed and un-billed, and class (residential, commercial, etc.).  
Water Residential: 295  
Water Commercial: 23  
Water Backwash Meter: 1 (Water pays to Sewer)  
Water Non-Profit: 34  
Sewer Residential: 303  
Sewer Non-Profit: 36  
Sewer Commercial: 25

Gas Residential: 221  
 Gas Commercial: 25  
 Gas Non-Profit: 38  
 Sanitation Residential: 331  
 Sanitation Dumpster: 5

4. What percentage of your sales do the largest ten (10) customers (by volume and by revenue) represent on a yearly basis?
  - 1) Dyersburg Housing Authority: 5%, 9549 Usage, \$8435.40. (Combination of twenty residential meters billed to DHA)
  - 2) Advantage Manufacturing: 2%, 4561 Usage, \$3313.69.
  - 3) City of Friendship Back Wash: 1%, 2466 Usage, \$1783.20.
  - 4) Friendship Elementary: 1%, 2323 Usage, \$1671.90.
  - 5) Linda Peery: 1%, 2211 Usage, \$1833.59. (Residential and due to leak)
  - 6) Mitchell Shaw, 1%, 1915 Usage, \$1550.39. (Residential and due to leak)
  - 7) L Scott Smith: <1%, 1612 Usage, \$1216.59. (Residential and due to leak)
  - 8) Gregory Hinojosa: <1%, 1381 Usage, \$1100.46. (Residential and due to leak)
  - 9) Farmers Friendship Gin: <1%, 1378 Usage, \$1179.59.
  - 10) Farm Water Meter: <1%, 1292 Usage, \$1070.46.
5. Do you have plans for a rate increase or decrease?
 

Yes. The City is seeking a grant for a water well and electronic read meters through USDA. The mayor and city recorder were advised at a meeting with a rural development representative that USDA will ask for a \$2 increase for water and sewer. The USDA representative has asked us to wait for the appropriate time to enact the \$2 increase as this will help with the scoring process associated with the grant funds.

  - a. If yes, has your board voted on it?
 

No, but this will be done as explained above.

    - 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? See attached **Fair User Charge System, Utilities and Services, and Sewer Use and Wastewater Treatment** from the City of Friendship Code of Ordinances.
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 attached **Fair User Charge System, Utilities and Services, and Sewer Use and Wastewater Treatment** from the City of Friendship Code of Ordinances which includes the policy for adjustments.
  - b. How often do you review these policies? Not often enough. Our policies need updating.
8. How do you make customers aware of the rates and fees you have in place?
 

We explain our rates and calculate a minimum bill for new customers or anyone who asks.

  - a. Is this done at least annually? No.
 

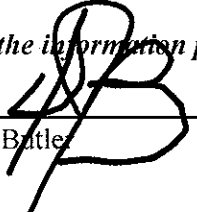
If not, please explain. Currently this is done for new customers and anyone who has a question about their bill.
9. Do you have a capital asset plan/budget? Yes

- a. If so, how long does it forecast (5-year, 10-year, etc.)? 5 years
  - b. If you do not have a capital asset plan/budget, please justify why you do not.
10. Do you review your capital asset list? Yes.
- a. If so, please indicate the frequency it is reviewed (annually, semi-annually, etc.) and who reviews this list. Annually reviewed by the mayor and city recorder.
  - 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?
- For many years we purchased water from Friendship Water Company. Their wells became contaminated with tetrachloroethylene. We were notified by the lab that does our testing on July 15, 2016. At that time, TDEC ordered the city to take necessary measures to provide safe drinking water. We followed the guidelines set by TDEC and drilled our own test well and then a regular well. This was a burden on the water fund. We have now applied for funding through RD USDA and CDBG for a new treatment plant and electronic read meters.
- For further information, please see the **A2H Preliminary Engineering Report**. This is a very good explanation of the events that have taken place.
12. Do you have a leak adjustment policy? Yes.
- a. If so, what is the average yearly amount adjusted in gallons, cost to produce (or purchase), and lost revenue?  
 In 2018: approximately 669,000 gallons of water was adjusted from customer bills.  
 The dollar amount adjusted for water leaks was approximately \$4686.60.  
 From the AWWA Water Audit for 2018, the cost to produce the water is currently \$1.26 per thousand gallons.
  - b. Please attach a copy of the policy.  
 City of Friendship Rules for Water Leak Adjustment from Municipal Code and City Charter.
    - 1) Must be a water leak. Proof of repair may be required if there is any doubt.
    - 2) One adjustment per calendar year per customer.
    - 3) Five dollar minimum adjustment for water and five dollar minimum adjustment for sewer.
    - 4) Adjustment cannot be made until billing is processed and received by the customer.
    - 5) Customer must request adjustment either in person or by phone during regular business hours after bill has been received by the customer and before the cut-off date, which is approximately twenty-five days.
    - 6) Customer pays average consumption calculated over the past six months, provided the residence has been occupied during that time, plus one-half of the leak.
    - 7) The City of Friendship shall make an adjustment for one-half of the leak at \$7.00 per thousand gallons of water. (Current per thousand gallons rate)
13. Have you already, or do you plan to incur any new debt during the current fiscal year? Yes.
- a. If so, please provide a detailed explanation. The City has applied for a grant for a water treatment plant and electronic read meters through RD USDA and CDBG.
14. Have you already, or do you plan to receive any grants or capital contributions during the current fiscal year? Yes
- a. If so, please provide a detailed explanation. The City has applied to USDA Rural Development and CDBG for the funding of a water treatment plant and electronic read water meters.
15. Have you applied for grants that will be received over the next two years? Yes



- a. If so, please provide a detailed explanation.  
The City has applied through USDA Rural Development and Community Development Block Grant for the funding of a water treatment plant and electronic read meters
16. Do you produce or purchase your water supply? We now produce.
- a. If you produce your own water,
- i. What is the cost per thousand to produce? \$1.26 per thousand gallons
- b. If you purchase 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? No.
- a. Do you have written contracts with those customers?
18. What is your current non-revenue water percentage? 38.2% by volume
- a. Do you have any plans for improving your non-revenue water percentage? Yes.
- b. If so, please provide a detailed explanation. We will continue to search for leaks and make necessary repairs in a timely manner.
19. With respect to your governing board, how frequently do you meet and what is your practice of providing notice of your meetings?
- We meet the first Monday night of each month at 7 p.m.  
A listing of meeting dates is posted at city hall.  
Also stated in our annual Consumer Confidence Report.  
In the CCR, customers are asked to report water leaks.
20. Has your governing body met the applicable training requirements? Casey Burnett and John Marvin have fulfilled their training requirements. Rickey Ange and Bob Garrett are working toward theirs. Johnny Elmore submitted his resignation on March 9, 2019.
- a. Please provide a list of Board members and their election/appointment dates. Mayor Casey Burnett, Aldermen John D. Marvin, Alderman Bob Garrett, Alderman Rickey Ange and Alderman Johnny Elmore were elected in May of 2017.
- 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: City Recorder, CMFO  
Debra J. Battle

Date: April 8, 2019

Please mail, e-mail(preferred), 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**



## Gates

Entity Type  
Town

County  
Lauderdale

Type  
Water and Sewer

Details	2016	2017	2018
Revenue		\$208,130.00	\$199,947.00
Expenses		\$226,312.00	\$205,517.00
Operating Revenue		\$(18,182.00)	\$(5,570.00)
Non-Operating Revenues (Expenses)		\$659.00	\$1,224.00
Grants, Capital Contributions, Transfers		\$-	\$49,078.00
GAAP Change in Net Position		\$(17,523.00)	\$44,732.00
Grants, Capital Contributions, Transfers In		\$-	\$49,078.00
Statutory Change in Net Position (2017 Law)		\$(17,523.00)	\$(4,346.00)
Statutory Change in Net Position (2018 Law)			\$(4,346.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$-	\$-



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

### **Case: Town of Gates**

#### **Staff Summary:**

The Town of Gates was referred for financial distress. Scott Nelson, operator for the Town of Ripley and a licensed engineer, completed a rate study for the Town. At the time, he was also serving as the Town of Gates' operator.

Mr. Nelson recommended the Town adjust its rate structure, increase its rates, and become a purchase-only system. The Town has agreed to purchase water from the Town of Halls ("Halls") at \$2 per thousand gallons. Further, the Town has received a grant to build the infrastructure to receive their water from Halls. Halls has agreed to take ownership of the new assets after they are built.

#### **Staff Recommendation:**

Order the Town to comply with the following:

1. The Town shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, complete the following:
  - i. a review of the capitalization policy, including any recommended modifications;
  - ii. creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs; and
  - iii. a review of the leak adjustment policy, including any recommended modifications.
2. By October 31, 2019, the Town shall send Board Staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
3. By February 28, 2020, the Town shall provide Board staff with proof of completion of the tasks in paragraph 1, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
4. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Town.

Town Of Gates  
Board Meeting Minutes  
June 10, 2019

Mayor Dwayne Dixon called the meeting to order at 7PM.

Aldermen Present: Candace Billings, Angela Dixon, Terry Janda and Jennifer Vaughn. Employees present were City Recorder, Jenny Ward; City Clerk, Nancy Holman; Police Officer, Chris Michael, and Public Works Director Jeff Collins.

17 Citizens were present.

**Budget Reading** number one. A motion to approve the first reading with the current tax rate as is was made by Terry Janda; Candace Billings seconded the motion and the board approved 100%.

**Approval of minutes** of May meeting motion to approve was made by Candace Billings; Angela Dixon seconded the motion and the board approved 100%.

**Citizen Remarks – #1** Janice Morgan discussed her summon to court and the violation of City Ordinance her court date. Terry Janda recommended that we dismiss all code violation summons to city court for the month of June pending further investigation with MTAS. Told Clerk, Nancy Holman to call all code violation summons holders and postpone their court date to July.

**Mayors Remarks: #1** Brandon Akin with TDOT discussed mowing of HWY 209 as well as drainage issues within city limits. **#2** Mayor stated that parking places had been marked on Wardlow Street. **#3** Jennifer Vaughn recommended that we get metal trash receptacles for the park. **#4** The Tennessee Housing Development Agency (THDA) grant for distressed housing was approved for the Town of Gates and applications will be available. **#5** Kites for Kids will be August 25<sup>th</sup> at the Community Center. **#6** MTAS Updates; a meeting has been requested with Ronnie Neal and the updates will be made.

**Reports Given:**

**Sanitation** – Jeff Collins completed his class and has been certified as a Grade I Wastewater Collection System Operator.

**Police** – No report

**Fire** – Mayor asked about TFIRS reporting. Chief Myles requested to have all issues addressed to him via e-mail or phone call not at the Board meetings.

**Code Enforcement** – Kenneth Dixon resigned on May 21, 2019. Letter of resignation read by Mayor Dixon.

Old Business item one was Sanitation Rates and Garbage pick-up dates. No vote.

Old Business item two was Water Rate increase. Terry Janda made a motion to accept Option #2 attached; Jennifer Vaughn seconded the motion and the board approved 100%.

Old Business item three was Water Deposit and Connection fee adjustment. Terry Janda made a motion to adjust the Water Deposit to \$275.00 and the Connection fee to \$25.00; Angela Dixon seconded the motion and the board approved 100%.

Old Business item four was to have the Computer systems updated. Estimate given and Board tabled item to July meeting.

Old Business item five was to adopt a Property Maintenance Code. Board tabled item to July meeting.

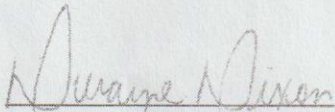
Old Business item six was Alderman Training updates and request for documentation for auditor's records for proof of training hours. Terry Janda will research getting certificates for all Board members.

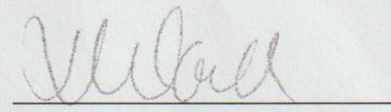
Old Business item seven was Auditor contract. Terry Janda stated that the contract would have to be posted in the local paper for bids.

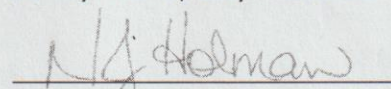
Old Business item eight was **Budget Reading** number two. A motion to approve the second reading with the line items for all Training, Travel and Conferences removed was made by Terry Janda; Candace Billings seconded the motion and the board approved 100%.

New Business item one was Adjustments to water bills for leaks. Tabled item to July meeting to allow time to talk to MTAS.

Terry Janda made the motion to adjourn with a second from Jennifer Vaughn.

  
\_\_\_\_\_  
Mayor, Dwayne Dixon

  
\_\_\_\_\_  
Jenny Ward, City Recorder

  
\_\_\_\_\_  
Nancy Holman, City Clerk



### **City Water Rate Schedule** *JULY 2019*

<b>Water Rate</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>
<b>BASE FEE</b>	<b>\$15.25</b>	-	-
<b>WATER COST / 1000 GAL.</b>	<b>\$7.00/1000 Gal.</b>	-	-
<b>BASE FEE</b>	-	<b>\$15.25</b>	-
<b>WATER COST / 1000 GAL.</b>	-	<b>\$7.00/1000 Gal.</b>	-
<b>BASE FEE</b>	-	-	<b>\$15.25</b>
<b>WATER COST / 1000 GAL.</b>	-	-	<b>\$7.00/1000 Gal.</b>

### **City Sewer Rate Schedule** *JULY 2019*

<b>Sewer Based On Water</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>
<b>BASE FEE</b>	<b>\$15.25</b>	-	-
<b>SEWER COST / 1000 GAL.</b>	<b>\$7.00/1000 Gal.</b>	-	-
<b>BASE FEE</b>	-	<b>\$15.25</b>	-
<b>SEWER COST / 1000 GAL.</b>	-	<b>\$7.00/1000 Gal.</b>	-
<b>BASE FEE</b>	-	-	<b>\$15.25</b>
<b>SEWER COST / 1000 GAL.</b>	-	-	<b>\$7.00/1000 Gal.</b>

Reconnection Fee           \$25.00



## Graysville

Entity Type  
City

County  
Rhea

Type  
Water

Details	2016	2017	2018
Revenue	\$267,818.00	\$255,882.00	\$302,517.00
Expenses	\$281,955.00	\$290,269.00	\$301,539.00
Operating Revenue	\$(14,137.00)	\$(34,387.00)	\$978.00
Non-Operating Revenues (Expenses)	\$(10,698.00)	\$(10,197.00)	\$(10,333.00)
Grants, Capital Contributions, Transfers	\$-	\$-	\$-
GAAP Change in Net Position	\$(24,835.00)	\$(44,584.00)	\$(9,355.00)
Grants, Capital Contributions, Transfers In	\$-	\$-	\$-
Statutory Change in Net Position (2017 Law)	\$(24,835.00)	\$(44,584.00)	\$(9,355.00)
Statutory Change in Net Position (2018 Law)			\$(9,355.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$-	\$-



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Deputy Comptroller

**Case: Town of Graysville**

**Staff Summary:**

The Town has been referred for financial distress since 2017. The Town raised its rates in July 2017 believing that the raise will correct its financial distress. However, the Town still had a negative change in net position for the 2018 Fiscal Year.

Pre-2017 Rates		
	Inside Water	Outside Water
0-1500 (flat)	\$17.49	\$27.04
1500-5500 per 1,000	\$2.24	\$3.35
5500-7500 per 1,000	\$2.66	\$3.48
7500-9500 per 1,000	\$2.41	\$3.61
In Excess per 1,000	\$2.5	\$3.74

Current Rates		
	Inside Water	Outside Water
0-1500 (flat)	\$22.49	\$32.04
1500-5500 per 1,000	\$2.24	\$3.35
5500-7500 per 1,000	\$2.33	\$3.48
7500-9500 per 1,000	\$2.41	\$3.61
In Excess per 1,000	\$2.5	\$3.74

**Staff Recommendation:**

Order the Town to comply with the following:

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





JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

- i. a review of the capitalization policy, including any recommended modifications;
  - ii. creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs;
  - iii. a justification of the discrepancy between inside and outside rates.
2. By October 31, 2019, the Town shall send Board Staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
3. By February 28, 2020, the Town shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
4. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Town.



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Deputy Comptroller

### WWFB Financial Questionnaire

Utility: Water

#### 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 three-months of balance sheets and income statements (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? **yes**
  - a. If so, please provide a detailed copy.
  - b. If not, please provide a detailed explanation.
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.)? **No**
3. How many customers do you have currently? Please break out by metered, non-metered, billed and un-billed, and class (residential, commercial, etc.). **717 = 584 inside 133 outside.**
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? **Contract for water**
  - a. Is this done at least annually? If not, please explain. **yes**
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/budget, 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. *Annually - Auditor*
- 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? *Not that we are aware of.*
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? *Not that we are aware of.*
- 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? *yes*
- a. If so, please provide a detailed explanation.
15. Have you applied for grants that will be received over the next two years? *No*
- a. If so, please provide a detailed explanation.
16. Do you produce or purchase your water supply? *yes - well*
- a. If you produce your own water,
- i. What is the cost per thousand to produce?
- b. If you purchase 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? *No*
- 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? *monthly - newspaper & public notice posted*
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: *Dracy Pankay* Title: *City Recorder* Date: *3-6-19*

Please mail, e-mail (preferred), 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**

## Graysville Water Works

### Water Rates

#### Effective 2017

Inside customers: 0 – 1,500 gallons	\$22.49
1,501 – 5,500 gallons	\$2.24 per thousand
5,501 – 7,500 gallons	\$2.33 per thousand
7,501 – 9,500 gallons	\$2.41 per thousand
9,501 and up	\$2.50 per thousand
Outside customers: 0-1,500 gallons	\$32.04
1,501 – 5,500 gallons	\$3.35 per thousand
5,501 – 7,500 gallons	\$3.48 per thousand
7,501 – 9,500 gallons	\$3.61 per thousand
9,501 and up	\$3.74 per thousand

Tap fee for all customers: \$535.00

Non-Refundable Connection Fee: Owner \$25.00

Renter \$75.00

Temporary Service: \$10.00



## Harriman

Entity Type  
City

County  
Roane

Type  
Water

Details	2016	2017	2018
Revenue	\$2,363,711.00	\$2,317,081.00	\$1,763,577.00
Expenses	\$2,187,949.00	\$2,379,664.00	\$1,734,216.00
Operating Revenue	\$175,762.00	\$(62,583.00)	\$29,361.00
Non-Operating Revenues (Expenses)	\$(66,979.00)	\$(74,796.00)	\$(12,664.00)
Grants, Capital Contributions, Transfers	\$27,606.00	\$497,394.00	\$3,750.00
GAAP Change in Net Position	\$136,389.00	\$360,015.00	\$20,447.00
Grants, Capital Contributions, Transfers In	\$27,606.00	\$497,394.00	\$3,750.00
Statutory Change in Net Position (2017 Law)	\$108,783.00	\$(137,379.00)	\$(125,343.00)
Statutory Change in Net Position (2018 Law)			\$288,130.00
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$697,554.00	\$555,514.00



## Harriman

Entity Type  
City

County  
Roane

Type  
Sewer

Details	2016	2017	2018
Revenue	\$1,959,012.00	\$1,785,732.00	\$2,314,558.00
Expenses	\$1,713,331.00	\$1,706,187.00	\$2,393,218.00
Operating Revenue	\$245,681.00	\$79,545.00	\$(78,660.00)
Non-Operating Revenues (Expenses)	\$(105,185.00)	\$(96,531.00)	\$(93,492.00)
Grants, Capital Contributions, Transfers	\$-	\$-	\$73,984.00
GAAP Change in Net Position	\$140,496.00	\$(16,986.00)	\$(98,168.00)
Grants, Capital Contributions, Transfers In	\$-		\$73,984.00
Statutory Change in Net Position (2017 Law)	\$140,496.00	\$(16,986.00)	\$196,083.00
Statutory Change in Net Position (2018 Law)			\$(214,489.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$465,036.00	\$2,314,558.00



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Deputy Comptroller

### Case: City of Harriman

#### Staff Summary:

The City has been referred for financial distress. The City has had changes in their rates, but staff is unable to determine if the rates will be sufficient.

#### 2016 Rates

Residential Water	Inside Water	Outside Water	Wolfe Branch	Swan Pond
First 2,000	\$20.00	\$23.00	\$23.00	\$23.00
2000 - 10000	\$6.83	\$7.85	\$7.85	\$7.85
10000+	\$4.98	\$5.73	\$7.85	\$5.73

Commercial Water	Inside Water	Outside Water	Wolfe Branch	Swan Pond
First 2,000	\$22.40	\$23.00	\$23.00	\$23.00
2,000 - 10,000	\$7.65	\$7.85	\$7.85	\$7.85
10,000 Plus	\$5.58	\$5.73	\$5.73	\$5.73

Sewer Rates	Residential	Commercial	Industrial
First 1,000	\$18.46	\$50.59	\$62.23
Per 1,000	\$11.27	\$11.64	\$11.64

#### 2018 Rates

Residential	Inside Water	Outside Water	Wolfe Branch	Swan Pond
First 2,000	\$21.00	\$24.00	\$24.00	\$24.00
2000 - 10000	\$6.83	\$7.85	\$7.85	\$7.85
10000+	\$4.98	\$5.73	\$7.85	\$5.73

Commercial	Inside Water	Outside Water	Wolfe Branch	Swan Pond
First 2,000	\$23.40	\$24.00	\$24.00	\$24.00
2,000 - 10,000	\$7.65	\$7.85	\$7.85	\$7.85
10,000 Plus	\$5.58	\$5.73	\$5.73	\$5.73



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Staff Recommendation:**

Order the City to comply with the following:

1. The City shall hire the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
  - i. a review of the capitalization policy; and
  - ii. a review of the current five-year capital asset plan including recommended modifications.
2. By October 31, 2019, the City shall send Board Staff a copy of the contract between the City and the qualified expert that is to perform the tasks in paragraph 1.
3. By February 28, 2020, the City shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
4. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the City.





**Candace D. Vannasdale, P.E.**  
General Manager

129  
**HARRIMAN UTILITY BOARD**

300 N. Roane Street, P.O. Box 434  
Harriman, Tennessee 37748  
Phone: (865) 882-3242 ext: 201  
Fax: (865) 882-1024  
Web: [www.hub-tn.com](http://www.hub-tn.com)  
E-mail: [cvannasdale@hub-tn.com](mailto:cvannasdale@hub-tn.com)

April 18, 2019

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

**WWFB Financial Questionnaire  
Harriman, Roane County, TN**

Dear Mr. Greer:

This letter is in response to your inquiry dated February 4, 2019. I hope that this information provides you confidence that the Harriman Utility Board (HUB) is well on its way to ensuring long term financial success, despite recent struggles.

I assumed the role of General Manager of HUB on May 1, 2018. At that time, I made a commitment to my Board of Directors to develop a plan and provide recommendations to help HUB become more financially secure. However, just as the issues weren't created overnight, they cannot be solved overnight either. It will require steady, consistent action to ensure continued success.

Attached to this letter is the following information, per your request:

- Five-year History of our Rates (all rate classes and types)
  - This also includes our application fees, tap fees, and reconnection fees.
- A copy of our Current New Service Application and Rules and Regulations that our customers must agree to when they apply for service. Our Rules and Regulations were last updated in December 2018.
- Most current three-months of balance sheets and income statements (Dec. 2018 thru Feb. 2019)
- A copy of our City's Debt Management Policy.
- A copy of our newly adopted 5-Year Strategic Plan.
- A copy of our Board Minutes from June 2018 for our rate increase that took effect August 2018.
- A copy of our Board Minutes from June 2016 for our rate increase that took effect August 2016.
- A copy of our current Leak Adjustment Policy.
- A copy of our Leak Adjustment totals for the past three fiscal years.

We do not have a formal "capitalization policy"; however, the following are guidelines we follow:

- If the item is \$1,000 or more and....
- The item has a useful life of greater than 2 years.

- Items that are recurring maintenance expenses would not be capitalized although they may meet the conditions above (e.g. tires on a truck, maintenance on a substation or pump station that does not increase the useful life of the asset)

**Question 1: Do you have a plan to remedy your financially distressed position?**

- If so, please provide a detailed copy.**
- If not, please provide a detailed explanation.**

We included a copy of our new 5-Year Strategic Plan because we want you to see that we do have a plan to remedy our financially distressed position. This plan was developed 100% by our management team and approved by our Board of Directors in January 2019. We did not receive any outside assistance on this plan because we wanted it to be custom and specific to our actual needs.

**Question 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.)?**

Our 5-person non-elected Board of Directors who are appointed by the City of Harriman Mayor have the authority to set rates and fees. Our rates and fees do not require the approval of the City Council.

**Question 3: How many customers do you have currently? Please break out by metered, non-metered, billed and un-billed, and class (residential, commercial, etc.).**

We currently have 4,333 active residential water customers and 479 active commercial water customers. We do not have any unmetered water services with the exception of a few fire connections.

**Question 4: What percentage of your sales do the largest ten (10) customers (by volume and by revenue) represent on a yearly basis?**

We don't have any "industrial" size customers. Our largest customers consist of our Housing Authority, restaurants, hotels, schools, greenhouse and nursing/assisted living homes. The percentage by usage for our top ten (10) customers is approximately 13.91%. These customers account for approximately 8.73% of our annual revenue.

**Question 5: Do you have plans for a rate increase or decrease?**

- If yes, has your board voted on it?**
  - Please attach the relevant minutes that show all discussion and votes.**
- If no, please attach the minutes where the relevant discussion and vote took place to not change the current rate structure.**

In June 2018, our Board approved an increase in the customer (base) charge of \$1 per month for all water rate classes. This was elected to increase revenue to cover fixed expenses. At the time, we explained to our Board that more would be needed; however, due to us increasing electric rates substantially last October, we were seeking to minimize the impact to our customers who had both services. Moving into spring 2019, we will be holding a workshop with our Board of Directors to recommend further changes.

**Question 6: What is the justification for the current structure of your rates?**

In 2016, we hired MTAS to conduct a cost-of-service study for our water and sewer departments. Based on this study, they recommended rate changes for each. Our Board adopted the Water Rate recommendations in June 2016. A copy of the minutes from this meeting are attached. The sewer rates were not changed but it was agreed upon that we would review the sewer department finances after the fiscal year closed to determine if a sewer rate increase would be needed. We have yet to take action on changing sewer rates because the department has been doing okay the past few years. In June 2018, the Board elected to do a small increase of \$1 per month as mentioned earlier in this letter. Following that action, we have been trying to cut unnecessary expenses and as of January 2019, we are projecting to have a small but positive change in net position at the end of the fiscal year 2019.

**Question 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?

As far as written policies for rates and fees, I would refer you to our Rules and Regulations for how we implement rates and fees. The most recent version was updated December 2018.

**Question 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.

Yes, we continually make our customers aware of our rates and fees and provide updates when changes are made. We keep all residential and commercial rates updated and posted monthly on our website. Printed rate sheets are also available to customers at our customer service department in the main office. Deposits, service charges, tap fees, etc. are included on the rate sheets. We additionally post information to our website and/or our Facebook page explaining updates as well as giving notice to changes in our rates or fees. Another method we use to ensure that we reach every customer is including a bill stuffer and/or printing a notice on the customer bill when we raise our rates or fees.

**Question 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/budget, please justify why you do not.

As mentioned earlier in this letter, we do have in place a Strategic Plan which specifically addresses capital asset planning for 5 Years. Within that Strategic Plan we have developed an annual Tactical Action Plan with specific goals and the methods to achieve those goals where capital improvements / needs are addressed and properly budgeted for in all departments within HUB.

- Specifically, in the Water Department we are planning/ budgeting to address water loss issues through a meter change out program in the coming fiscal year, with further plans to fully implement advanced metering infrastructure (AMI) within the next 5 years. We also are planning / budgeting to perform maintenance and rehab projects on several reservoirs in our distribution system as well as complete the 2nd part of filter rehab at

our Water Treatment Plant. At our upcoming Board Workshop on water rates, we will also present a plan for funding these capital projects.

- Specifically, in the Sewer Department we are planning/ budgeting to address inflow and infiltration issues through ongoing inspections of our system, SCADA system upgrades at our wastewater treatment plant and pump stations, point repairs on main lines, mainline and manhole rehabilitation and replacements, etc. We also are planning/budgeting to complete maintenance and rehabilitation projects on both clarifiers at our Wastewater Treatment Plant.

**Question 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.**
- If you do not review your capital asset list, please justify why you do not.**

We do have a capital asset list, but it could use some improvement. The Manager of Administration and Finance, Gas Water Sewer Manager, and Gas Water Sewer Superintendent will keep an eye on the list. This year we were able to surplus some vehicles that were no longer in use after reviewing our list. We review our list at least annually but may review more often as questions come up. We are in the process of looking for new accounting software which should help us improve our capital asset management. We plan to make a decision soon and our new software will hopefully be in place in the next 12 months.

**Question 11: Do you have any environmental issues currently or forthcoming that will put a financial burden on the system?**

We do not have any specific environmental issues that we foresee causing a financial burden. However, mounting pressure to correct non-revenue water loss (water) and inflow/infiltration (sewer) may contribute to a financial burden in future years. This, as well as, increased regulatory requirements at the treatment plants could increase operating costs.

**Question 12: Do you have a leak adjustment policy?**

- If so, what is the average yearly amount adjusted in gallons, cost to produce (or purchase), and lost revenue?**
- Please attach a copy of the policy.**

Our current Water Leak Adjustment Policy became effective April 1, 2017 when we implemented our new program with Servline. We now use Servline for almost all our water leak adjustments. By using Servline, HUB has been able to recover lost revenue that was previously being absorbed in our rates. Working with Servline has reduced our lost revenue by 80% from \$33,649.26 in FY2016 to \$6,583.28 in FY2018. The cost to produce this water reduced from an estimated \$5,556 in FY2016 (6,821,400 gallons) to \$1,503.54 in FY2018 (1,845,900 gallons).

**Question 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.**

We have not already and do not plan to incur any new debt during the current fiscal year. Part of our strategic plan is to identify well ahead of time when projects will need to be financed through the issuance of debt. That being said, we have applied to the State Revolving Fund

(SRF) office for priority ranking. We intend to use that funding, if awarded, to cover the cost of water system infrastructure (storage tanks and treatment plant) in need of rehabilitation. We hope to complete this work next fiscal year.

**Question 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.**

We have received \$451,014.59 in CDBG funds that has allowed us to replace some of our water mains and service connections.

**Question 15: Have you applied for grants that will be received over the next two years?**

**a. If so, please provide a detailed explanation.**

We have also submitted an application for another \$525,000 in CDBG funds to assist us in reducing water loss by replacing our water meters. The new meters are expected to last up to 20 years and register very low flows. These meters will also be Advanced Metering Infrastructure (AMI) capable for future reading. This meter replacement program is essential for accurate accounting of water delivered to customers and reducing water losses within our distribution system. Not only does water loss through meters equate to lost revenue for the water system, it is also lost revenue for the sewer system. Sewer revenues from customers are based on water usage which is registered through water meters. Replacing the existing meters with more accurate meters that register very low flows will result in additional water and sewer revenues that can be used to maintain both systems.

**Question 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 purchase your water,**
  - i. What is the cost per thousand?**
  - ii. Do you have a long-term purchase contract in place?**

HUB produces 100% of its water supply from the Emory River. In FY2018 the cost for HUB to produce 1,000 gallons of water was \$0.81. In late FY2017 we invested in new variable speed High Service Pumps at our water plant that should allow us to save significantly on our energy cost moving forward.

**Question 17: Do you have any wholesale customers?**

No, we do not purchase any water from other sources nor do we wholesale to any other utilities.

**Question 18: What is your current non-revenue water percentage?**

Our non-revenue water as a percent by cost of operating system was 15.7% for FY18. By volume, our percent non-revenue water was 51.1%. We have been working the past several years to reduce this through a series of several large projects; however, there is still much improvement to be made.

**Question 19: With respect to your governing board, how frequently do you meet and what is your practice of providing notice of your meetings?**

Our Board meets the last Monday of every month at 5:30pm. This is always posted on our website, along with notifications of cancellations, rescheduling, Board workshops, special call meetings, etc.

**Question 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>

Yes, we have a five (5) member Board of Directors. Our first Board Member to be affected by the rule change was Edgar "Buddy" Bowers. He was reappointed to our Board in August 2017. He completed his initial 12 hours in October 2018 required after your office granted him a six (6) month extension due to medical hardship. He is planning to complete some online training this year to fulfill his ongoing training requirement. Two (2) other Board Members Lonnie Wright and Diana Knobloch were reappointed in Fall 2018 and are aware that they have 12 months to complete their initial 12 hours. Ms. Knobloch had already received some training prior to her reappointment date. Our last two (2) Board Members are Charlie Jones and Mike Demyanovich. They have not been appointed or reappointed since the rule change but are aware of the training requirements. We are also in the process of designing some in house board member training to help them better understand HUB's financial position and operations.

If you have any questions or require additional information, please do not hesitate to call.

Sincerely,



Candace D. Vannasdale, P.E.  
General Manager

Enclosures

CC: Dusty Fagan, Manager of Finance (HUB)  
Jeremy Gibson, Manager of Gas, Water & Sewer (HUB)



## Harrogate

Entity Type  
City

County  
Claiborne

Type  
Sewer

Details	2016	2017	2018
Revenue	\$527,368.00	\$629,080.00	\$769,050.00
Expenses	\$581,570.00	\$635,738.00	\$700,727.00
Operating Revenue	\$(54,202.00)	\$(6,658.00)	\$68,323.00
Non-Operating Revenues (Expenses)	\$-	\$1,450.00	\$132.00
Grants, Capital Contributions, Transfers	\$414,699.00	\$83,752.00	\$-
GAAP Change in Net Position	\$360,497.00	\$78,544.00	\$68,455.00
Grants, Capital Contributions, Transfers In	\$-	\$83,752.00	\$-
Statutory Change in Net Position (2017 Law)	\$360,497.00	\$(5,208.00)	\$68,455.00
Statutory Change in Net Position (2018 Law)			\$68,455.00
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$-	\$-



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

### **Case: City of Harrogate**

#### **Staff Summary:**

On April 2, 2019, the Board ordered the City to complete the following:

1. By April 15, 2019, the City shall contract with the Municipal Technical Advisory Service, the Tennessee Association of Utility Districts, or another qualified expert approved by Board staff to
  - a. complete a rate analysis of the wastewater system with recommendations to correct the City's financial deficiencies;
  - b. create a capitalization policy; and
  - c. create a five-year capital asset budget.
2. The City shall implement the recommendations, customer contract, rate and fee policy, and five-year capital asset budget as developed by the qualified expert by July 15, 2019.
3. The City shall send the completed rate analysis and accompanying recommendations, the customer contract, the rate and fee policy, the five-year capital asset budget, and all supporting documentation to Board staff by July 31, 2019.
4. Board staff is given the authority to grant one extension of the foregoing deadlines upon a showing of good cause by the City.

The City has complied with the above order. The City increased rates and fees by 3% at the beginning of the 2019 fiscal year. The City is having the second reading to pass a 4% rate increase on the minimum bill and a 25% increase on all overage usage this month.

#### **Staff Recommendation:**

Order the City to comply with the following:

1. The City shall send financial updates to Board staff by March 1<sup>st</sup> and September 1<sup>st</sup> of each year starting March 1, 2020, until the Board releases the City from its oversight.





## City of Harrogate

Linda Fultz, Mayor

138 Harrogate Crossing, P. O. Box 979, Harrogate, TN 37752

Phone: (423) 869-0211 Fax: (423) 869-0022

e-mail: [cityofharrogate@hotmail.com](mailto:cityofharrogate@hotmail.com)

*a great place to live...*

July 18, 2019

Ann V. Butterworth, Chair  
Water and Wastewater Financing Board  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, TN 37243

Dear Ms. Butterworth,


Enclosed, please find documentation requested by order of the TN Water and Wastewater Financing Board.

The Board of Mayor and Aldermen for City of Harrogate strive to relieve any financial distress our utility department may be subject to, due to extensive costs relative to operational expenses. Our goal is to be vigilant and proactive in the ongoing pursuit to be fiscally solvent in these matters, while maintaining our fiduciary responsibility to our customers. We intend to increase rates and fees accordingly as needed, so as not to find ourselves in this situation in the future. Per request, we have provided a 5-year capital improvement plan developed by Hatfield & Allen Associates, a rate analysis completed by Alan Major from MTAS, and other rate and policy documentation recently executed.

Please let us know if further information is needed.

Sincerely,

Linda Fultz,  
Mayor

City of Harrogate <b>CIP Project 1</b> <b>Sewer Line Extension</b> Fiscal Year 2019-24		 <b>Hatfield &amp; Allen, Associates Inc</b>			
Item No.	Description	Qty	Units	Unit Price	Total
Installation of five permanent wastewater flow meters throughout the shared collection system					
1	Flow Meter at Patterson Road Pump Station - 2019/2020	1	LS	\$ 10,000.00	\$ 10,000.00
2	Flow Meter at Ballpark Pump Station - 2020/2021	1	LS	\$ 10,000.00	\$ 10,000.00
3	Flow Meter at Livesay Pump Station - 2021/2022	1	LS	\$ 10,000.00	\$ 10,000.00
4	Flow Meter at Pump Springs Pump Station - 2022/23	1	LS	\$ 10,000.00	\$ 10,000.00
5	Flow Meter at High School Pump Station - 2023/24	1	LS	\$ 10,000.00	\$ 10,000.00
<b>Total Construction Cost</b>					<b>\$ 50,000.00</b>
<b>Contingency</b>					<b>\$ 5,000.00</b>
<b>Fees and Advertising</b>					<b>\$ 1,000.00</b>
<b>Engineering Design</b>					<b>\$ 9,000.00</b>
<b>Total Construction Cost</b>					<b>\$ 65,000.00</b>

#### GENERAL PROJECT DESCRIPTION

This project includes the installation of five permanent wastewater flow meters throughout the shared collection system.


#### JUSTIFICATION

This project will allow the city to be able to pinpoint possible overflows and infiltration problems in the future, as well as monitor the areas that are creating the most problems in the system. Since the city does not operate a wastewater treatment plant, it must pump and pay for its wastewater to be treated by contract with the Claiborne Utility District. Specifically, these flow meters would be installed in the most strategic pump stations in the collection system, allowing the city to locate any problem areas or increase in flows on a regular basis.

#### PROJECT EXPENDITURES AND IMPACTS

The total proposed capital budget for the five flow meters is \$65,000 including the initial annual management and service costs. The project should be completed within five years by installing one meter per fiscal year. Grant funding will be considered but will not be expected as the city plans to use inside funding for this project. No increased staff labor will result from the proposed project. The anticipated useful life of the wastewater flow meters is ten years.



City of Harrogate CIP Project 3 Sewer Line Extension Fiscal Year 2021		 Hatfield & Allen, Associates Inc			
Item No.	Description	Qty	Units	Unit Price	Total
1	8-inch PVC Gravity Sewer Line with granular bedding and clay check dams: Volunteer Lane, Bristol Road, Regent Drive, Wellington Street, Albert Street, and others				
a.	0-6 feet deep	2,900	LF	\$ 30.00	\$ 87,000.00
b.	6-8 feet deep	1,800	LF	\$ 34.00	\$ 61,200.00
c.	8-10 feet deep	250	LF	\$ 38.00	\$ 9,500.00
2	4 foot Diameter Manholes with Standard Castings				
a.	0-6 feet deep	9	EA	\$ 1,400.00	\$ 12,600.00
b.	6-8 feet deep	5	EA	\$ 1,600.00	\$ 8,000.00
c.	8-10 feet deep	1	EA	\$ 1,800.00	\$ 1,800.00
3	Individual Force Main Pumps	6	EA	\$2,000.00	\$ 12,000.00
4	2" Force Main	2,800	LF	\$8.00	\$ 22,400.00
5	Connect Force Main to Manhole	2	EA	\$ 1,000.00	\$ 2,000.00
6	Road Bore with Ductile Iron Casing	100	LF	\$ 100.00	\$ 10,000.00
7	Non-LMI Service Stubout & Pipe	6	EA	\$ 600.00	\$ 3,600.00
8	LMI Gravity Sewer Service Stubout & Pipe	52	EA	\$ 900.00	\$ 46,800.00
9	LMI Gravity Sewer Service Connections	52	EA	\$ 300.00	\$ 15,600.00
10	Gravel Road Replacement	500	LF	\$ 4.00	\$ 2,000.00
11	Asphalt Roadway Replacement	1,400	LF	\$ 20.00	\$ 28,000.00
12	Seeding	30,000	SF	\$ 0.25	\$ 7,500.00
<b>Total Construction Cost</b>					<b>\$ 330,000.00</b>
<b>Contingency</b>					<b>\$ 33,000.00</b>
<b>Legal including Permit Fees</b>					<b>\$ 4,000.00</b>
<b>Survey</b>					<b>\$ 15,000.00</b>
<b>Engineering Design</b>					<b>\$ 48,000.00</b>
<b>Inspection</b>					<b>\$ 28,000.00</b>
<b>Administration and Environmental Review</b>					<b>\$ 27,500.00</b>
<b>Total Construction Cost</b>					<b>\$ 485,500.00</b>

### GENERAL PROJECT DESCRIPTION

This project includes the installation of almost 5,000 lineal feet of gravity sewer line in the northeastern sector of the city, adding 52-58 customers to the system.

### JUSTIFICATION

The residents and the small businesses in the Harrogate area need sanitary sewer service for obvious health reasons. This project was listed in the City of Harrogate's long-term Sewer System Construction program and will serve 52 low-income residents in this area of Harrogate.

### PROJECT EXPENDITURES AND IMPACTS

The total proposed capital budget for these sewer lines is \$485,500 including the initial annual management and service costs. Grant funding is a necessity, as the city cannot fund this project without grant assistance. No increased staff labor will result from the proposed project. The anticipated useful life of these lines are 35 years.



**ORDINANCE NO. 123**

**AN ORDINANCE OF THE CITY OF HARROGATE ADOPTING FEES AND CHARGES RELATED TO THE OPERATION OF THE SANITARY SEWER SYSTEM**

WHEREAS the Tennessee Code states that municipal utilities must use sound business practices, and

WHEREAS the Tennessee Code states wastewater enterprises must be self-sufficient, and

WHEREAS the Tennessee Code states wastewater fees and rates must reflect the actual cost of providing the service, and

WHEREAS, the City of Harrogate desires to set equitable and fair sewer rates; and

WHEREAS, the City of Harrogate has determined that the actual costs of such services need to be updated from time to time,

**NOW, THEREFORE, BE IT ENACTED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF HARROGATE, TENNESSEE THAT:**

**Section 1. Updated Sanitary Sewer Rates.** The following fees are to be increased at a rate of 3%

- |  |   |
|--|---|
| A. At minimum fee (up to 2000 gallons)       | from \$18.00 to \$18.54   |
| B. Over minimum fee (more than 2000 gallons) | from \$12.50 per thousand gallons to \$12.88 per thousand gallons |
| C. E-One maintenance fees                    | from \$10.00 to \$10.30   |

**Section 2. Repeal of Existing Rates and Fees.** All existing rates and fees as specified in Section 1 are hereby repealed and replaced with these new rates and fees upon the day of final passage.

**Section 3. Effective Date.** This Ordinance will take effect from and after its final adoption the welfare of the City requiring it.

Passed on First Reading May 28, 2019  
 Passed on Second Reading June 24, 2019  
 Public Hearing Held June 24, 2019

Linda Fultz  
 Mayor

Debra England  
 City Recorder

## RESOLUTION NO.144

**A RESOLUTION TO ESTABLISH A CAPITALIZATION POLICY AND THRESHOLD**

**WHEREAS**, the City of Harrogate wishes to establish a capitalization policy and threshold that dictates when expenditures may be capitalized with generally accepted accounting principles.


**WHEREAS**, the City of Harrogate defines capital assets, which include property, plant and equipment, as assets with an initial cost of \$10,000 or more.

**WHEREAS**, such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available.

**WHEREAS**, donated capital assets are valued at estimated fair value on the date of donation. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives, are not capitalized.

**NOW, THEREFORE**, be it resolved by the Board of Mayor and Aldermen for the City of Harrogate, meeting in regular session May 28th, 2019, that ten thousand dollars (\$10,000) shall be the threshold that applies to all asset classes, and is capitalized based on the criteria above.

This Resolution shall take effect on this the 28th day of May, 2019.

  
Linda Fultz, Mayor

  
Debra England, City Recorder

**ORDINANCE NO. 123**

**AN ORDINANCE OF THE CITY OF HARROGATE ADOPTING FEES AND CHARGES RELATED TO THE OPERATION OF THE SANITARY SEWER SYSTEM**

WHEREAS the Tennessee Code states that municipal utilities must use sound business practices, and

WHEREAS the Tennessee Code states wastewater enterprises must be self-sufficient, and

WHEREAS the Tennessee Code states wastewater fees and rates must reflect the actual cost of providing the service, and

WHEREAS, the City of Harrogate desires to set equitable and fair sewer rates; and

WHEREAS, the City of Harrogate has determined that the actual costs of such services need to be updated from time to time,

**NOW, THEREFORE, BE IT ENACTED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF HARROGATE, TENNESSEE THAT:**

**Section 1. Updated Sanitary Sewer Rates.** The following fees are to be increased at a rate of 3%

- |  |   |
|--|---|
| A. At minimum fee (up to 2000 gallons)       | from \$18.00 to \$18.54   |
| B. Over minimum fee (more than 2000 gallons) | from \$12.50 per thousand gallons to \$12.88 per thousand gallons |
| C. E-One maintenance fees                    | from \$10.00 to \$10.30   |

**Section 2. Repeal of Existing Rates and Fees.** All existing rates and fees as specified in Section 1 are hereby repealed and replaced with these new rates and fees upon the day of final passage.

**Section 3. Effective Date.** This Ordinance will take effect from and after its final adoption the welfare of the City requiring it.

Passed on First Reading May 28, 2019  
 Passed on Second Reading June 24, 2019  
 Public Hearing Held June 24, 2019

Linda Fultz  
 Mayor

Debra England  
 City Recorder

**ORDINANCE NO. 124**

**AN ORDINANCE OF THE CITY OF HARROGATE ADOPTING FEES AND CHARGES RELATED TO THE OPERATION OF THE SANITARY SEWER SYSTEM**

WHEREAS, the Tennessee Code states that municipal utilities must use sound business practices, and

WHEREAS, the Tennessee Code states wastewater enterprises must be self-sufficient, and

WHEREAS, the Tennessee Code states wastewater fees and rates must reflect the actual cost of providing the service, and

WHEREAS, the City of Harrogate desires to set equitable and fair sewer rates; and

WHEREAS, the City of Harrogate has had recent increases to transport and treatment charges by Claiborne Utilities District; and

WHEREAS, the City of Harrogate has determined that the actual costs of such services need to be updated to reflect those costs.

**NOW, THEREFORE, BE IT ENACTED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF HARROGATE, TENNESSEE THAT:**

**Section 1. Updated Sanitary Sewer Rates.** The following fees are to be increased:

At minimum fee (up to 2000 gallons) from \$18.54 to \$19.25

Over minimum fee (more than 2000 gallons) from \$12.88 per thousand gallons to \$16.10 per thousand gallons

**Section 2. Repeal of Existing Rates and Fees.** All existing rates and fees as specified in Section 1 are hereby repealed and replaced with these new rates and fees upon the day of final passage.

**Section 3. Effective Date.** This Ordinance will take effect from and after its final adoption the welfare of the City requiring it.

Passed on First Reading - August 26, 2019

Passed on Second Reading \_\_\_\_\_

Public Hearing Held \_\_\_\_\_

\_\_\_\_\_  
Mayor

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



## Hornbeak

Entity Type  
Town

County  
Obion

Type  
Sewer

Details	2016	2017	2018
Revenue	\$106,753.00	\$102,175.00	\$102,550.00
Expenses	\$92,779.00	\$103,120.00	\$101,614.00
Operating Revenue	\$13,974.00	\$(945.00)	\$936.00
Non-Operating Revenues (Expenses)	\$(7,082.00)	\$(6,759.00)	\$(6,614.00)
Grants, Capital Contributions, Transfers	\$-	\$-	\$-
GAAP Change in Net Position	\$6,892.00	\$(7,704.00)	\$(5,678.00)
Grants, Capital Contributions, Transfers In	\$-	\$-	\$-
Statutory Change in Net Position (2017 Law)	\$6,892.00	\$(7,704.00)	\$(5,678.00)
Statutory Change in Net Position (2018 Law)			\$(5,678.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$-	\$-





JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

### **Case: Town of Hornbeak**

#### **Staff Summary:**

The Town was referred to the Board for financial distress on January 24, 2019. The Town completed the financial questionnaire. The Town is having an issue with septic permits being issued even though public sewer is available.

#### **Staff Recommendation:**

Order the Town to comply with the following:

1. The Town shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, to perform a rate study that includes the following:
  - i. a justification for Black Oak School's discounted rate or a recommended rate if justification is not possible;
  - ii. a review of the capitalization policy, including any recommended modifications;
  - iii. creation of a delinquent accounts policy; and
  - iv. creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs.
2. By October 31, 2019, the Town shall send Board Staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
3. The Town shall consult with counsel regarding the Town's ability and feasibility to stop septic permits from being issued in areas where public sewer is available.
4. By February 28, 2020, the Town shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
5. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Town.

## WWWFB Financial Questionnaire

## Utility Hornbeak Sewer

1. Do you a plan to remedy your financially distressed position?
  - a. Yes, we have a plan for the stressed position. We issued a rate increase on June 12, 2018. This rate increase did not show on this report as reported to the comptroller. Our rates were raised from \$25.50 per month to \$29.50 for the first 2000 gallons of sewer usage with \$9.50 per thousand after base use June 12, 2018.
  - b. Our biggest problem is delinquent accounts . Every threat we can give is simply not heeded to customers. With a new law passed by the 110<sup>th</sup> General Assembly, HB 1605 we can now place liens on property owners to the extend of forcing a sale of the property just as delinquent property taxes. Warning letters have been mailed which brought in many with payments, some have made arraignments for monthly payments to catch up their accounts. Now we are to the point of execution of liens on said properties. In Tennessee (as understood) we can not make the property owner pay for his tenant's sewer bills.

Also passed by ordinance written by Mr. Don Scholes states that if a sewer access goes by your property either connect to sewer facilities or pay a monthly sewer accessibility fee.

Excessive defective grinder pumps also place a strain on our 2018 budget and audit. The maintenance and repair budget have been raised to overcome the expense which calculated give the new rates.

Funded depreciation is breaking the back of our little town. Depreciation is funded on grant writer fees as well aa engineer fees which is not part of the system plant. Our depreciation is 30% of our operating fund. Fees for engineers and grant writers

A few non-payers, a few pumps in need or repair or replacement, several inactive accounts and depreciation is causing our system to fail our goals. Poor people that live on \$700.00 to \$1000.00 per month cannot afford sewer bills therefore we try to keep charges at a minimum for these people.

Hornbeak is in the process of a feasibility study through Northwest Tennessee Development District. Our goal is to obtain a grant and add customers outside of the city limits on Hwy 21 West. Hornbeak has a trunk line already placed to the front of each house down this 6 to 7-mile stretch. There are approximate 98 households. It would be nice if we could furnish sewer to at least half in order to broaden our base of customers. Also, in this plan we would include flat rate sewer service to all customers.

As mentioned in other correspondence alluded notes to the non-cooperation of TDEC with Hornbeak City Limits nor our Ordinances or codes. Failure to even notify Hornbeak City Hall has resulted in hostile customer relations when TDEC does not consider Hornbeak worthy of respect.

with water utilities which is a separate entity. Therefore, there is no cost to produce, simply the water is not introduced to the sewer system. The sewer volume per month is metered and charged according by Reelfoot Regional Planning District. The sewer readings run relatively close to the water readings. If there is a proven leak nothing happens that would cause loss of revenue other than the water goes in the ground and not sewer system. Copy attached.

13. Have you already, or do you plan to incur any new debt during the current fiscal year? No new debt this current fiscal year.
14. Have you already, or do you plan to receive any grants or capital contributions during the current fiscal year? No not in the current fiscal year.
15. Have you applied for grants that will be received over the next two years? No, we have not even applied as of this time.
16. Do you produce or purchase your water supply? Neither—Hornbeak Utility furnishes water to each customer in town by their own contract.
17. Do you have any wholesale customers? No wholesale
18. What is your non-revenue water percentage? N/A
19. With respect to your governing board, how frequently do you meet and what is your practice of providing notice of your meetings? Each member knows when the board meets but in addition a notice is placed in the local newspaper as well as a text message to each one the day of the meeting.
20. Has your governing body met the applicable training requirements? The present board is not required to receive the training as understood. The newly elected board will be required to obtain the training before the end of the first year in office. As Mayor I have received my training and will be greatly encouraged when the entire board has training.

Lynn Finch 2016-2020  
Betty Walley 2016-2020  
Kelly Owens 2016-2020  
Alvin Webb 2016-2020  
Roger Alford 2016-2020



## Huntland

Entity Type  
Town

County  
Carroll

Type  
Water

Details	2016	2017	2018
Revenue	\$261,686.54	\$281,472.02	\$271,284.52
Expenses	\$256,635.05	\$306,145.72	\$358,202.85
Operating Revenue	\$5,051.49	\$(24,673.70)	\$(86,918.33)
Non-Operating Revenues (Expenses)	\$951.11	\$(2,219.55)	\$947.06
Grants, Capital Contributions, Transfers	\$-	\$-	\$-
GAAP Change in Net Position	\$6,002.60	\$(26,893.25)	\$(85,971.27)
Grants, Capital Contributions, Transfers In	\$-	\$-	\$-
Statutory Change in Net Position (2017 Law)	\$6,002.60	\$(26,893.25)	\$(88,267.27)
Statutory Change in Net Position (2018 Law)			\$(85,971.27)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$4,905.00	\$2,609.00



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Deputy Comptroller

### Case: Town of Huntland

#### Staff Summary:

The Town was referred for financial distress on January 3, 2019. The Town submitted the financial distress questionnaire to Board staff.

#### Pre- 2018 Rates

	Water Inside	Water Outside	Pleasant Ridge
First 2,000	18.63	21.81	30.13
2,000 - 10,000	4.03	4.31	7.34
In Excess	5.9	5.9	5.9

#### Current Rates

	Water Inside	Water Outside	Pleasant Ridge
First 2,000	24.04	27.26	36.76
2,000 - 10,000	5.12	5.39	8.95
In Excess	7.49	7.38	7.2

#### Staff Recommendation:

Order the Town to comply with the following:

1. The Town shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
  - i. creation of a debt management policy;
  - ii. creation of a capitalization policy; and
  - iii. a review of the leak adjustment policy.
2. By October 31, 2019, the Town shall send Board Staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

3. By February 28, 2020, the Town shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
4. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Town.



Justin P.  
Wilson  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

Monday, February 4, 2019

Huntland Water System  
ATTN: Dolton Steele  
P.O. Drawer H  
Huntland, TN 37345

Dear Dolton Steele,

The Huntland Water System has been reported to the Water & Wastewater Financing Board (hereinafter "Board") pursuant to Tennessee Code Annotated 68-221-10IO(a).

Please fill out the enclosed questionnaire and return it and all supporting documentation to our office no later than May 10, 2019. Please submit this to either [utilities@cot.tn.gov](mailto:utilities@cot.tn.gov), and/or the following mailing address:

Water & Wastewater Financing Board  
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 Huntland Water 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,

John Greer  
Technical Secretary

cc (w/o enclosure): Mayor Dolton Steele

**Instructions: Please submit the following information**

1. Five-year history of your rates (all rate classes and types) **Ordinance 2018-1b / 2014-43 (attached)**
2. Five-year history of all utility fees (include records of how you rationalized charges for: tap fees, reconnection fees, etc.) **Ordinance 2017-54. (attached) Our rates were outdated, we requested rates from other water departments in our county and updated our rates based on recommendations from current water supervisor Jack Atchley and former water supervisor Dolton Steele.**
3. The current customer contract used for new service accounts **Application for Water Service (attached)**
4. Most current three-months of balance sheets and income statements (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. **I have not yet located a debt management policy.**
6. A copy of your capitalization policy (by which you decide whether you capitalize versus expense items) **I have not been able to locate a capitalized asset policy.**

**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. Initial FY2019 budgets projected a 50K loss. After consulting with Brad Harris from MTAS Town leaders decided that a rate increase was justified. We downloaded a month of the billing register and the board was provided with 5 options each showing increases that would provide an additional 5K in water revenue.**
  - b. **If not, please provide a detailed explanation.**
2. Who has the authority to set rates and fees? **Huntland has a board of mayor and aldermen.** Do you have a board or committee separate from your local legislative body? **No.**
3. How many customers do you have currently? Please break out by metered, non-metered, billed and un-billed, and class (residential, commercial, etc.). **600 total customers; 35 exempt, 35 business and 530 residential. All are subject to the same rates. (WAG)**
4. What percentage of your sales do the largest ten (10) customers (by volume and by revenue) represent on a yearly basis? **11% of volume / 12% of revenue.**
5. Do you have plans for a rate increase or decrease?
  - a. If yes, has your board voted on it? **Yes, the 2<sup>nd</sup> vote took place during the June 2018 Board meeting and went into effect July 1, 2018.**
    - i. Please attach the relevant minutes that show all discussion and votes.
  - b. If no, please attach the minutes where the relevant (ii) cu  
ion and vote took place to not change the current rate structure.



6. What is the justification for the current structure of your rate? **Same as No. 1**
7. Do you have written policies for rates and fees (how they are implemented and billed, including adjustments)? **Please see attached ordinances.**
  - 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? **Public notices and board meetings.**
  - a. Is this done at least annually? If not, please explain
9. Do you have a capital asset plan/budget? **Yes, currently we budget 2 years in general and water and 5 years for a new sewer system project.**
  - a. If so, how long does it forecast (5-year, 10-year, et ..)?
  - b. If you do not have a capital asset plan/budget, please justify why you do not.
10. Do you review your capital asset list? **Yes.**
  - a. If so, please indicate the frequency it is reviewed annually, semi-annually, etc.) and who reviews this list. **Auditors, Mayor and City Recorder.**
  - 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? **No.**
12. Do you have a leak adjustment policy? **No.**
  - 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? **No.**
  - 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? **No.**
  - a. If so, please provide a detailed explanation.
15. Have you applied for grants that will be received over the next two years? **No.**
  - a. If so, please provide a detailed explanation.
16. Do you produce or purchase your water supply? **Produce.**
  - a. If you produce your own water,
    - i. What is the cost per thousand to produce? **\$3.70 / 1,000 gal.**
  - b. If you purchase your water,
    - i. What is the cost per thousand? **\$2.70 / 1,000 gal**
    - ii. Do you have a long-term purchase contract in place?
17. Do you have any wholesale customers? **No.**
  - a. Do you have written contracts with those customers?
18. What is your current non-revenue water percentage? **18%**
  - 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? **Monthly, public notice.**
20. Has your governing body met the applicable training requirements? **5 Yes / 1 No.**

- a. Please provide a list of Board Members and their election/appointment dates **Aldermen Ann Gardner, Danny Benson and Ken Pendleton will be up for election in 2019; Dolton Steele (Mayor) and Aldermen Troy Gamble and Ellis Counts will be required to run in 2021**
- b. Please review the training requirements at <https://www.comptroller.tn.gov/WWFB/>

*I hereby certify that the information provided (s true and correct o the best of my knowledge.*

Signature: Doug Porter Title: City Recorder

Date: 3/29/19

**Signed Copy is Documentation File**

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

**Water & Wastewater Financing Board**  
**ATTN: John Greer**  
**Fourth Floor Cordell H II 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)**

## Ordinance 2017-54

An Ordinance to amend Ordinance 2014-43, to establish rates and charges for water service in the Town of Huntland, Tennessee.

Whereas, it appears it is in the best interest of the citizens of the Town of Huntland, Tennessee that the water rates and charges for water services in the Town of Huntland should be amended and modified.

Now, therefore, it be ordained, by the Board of Mayor and Alderman for the Town of Huntland, Tennessee as follows:

Section 1-4 **will remain unchanged** and are set forth as follows:

Section 1: That the base, or minimum charge within Huntland City limits shall be set at \$18.63 and will include the first 2,000 gallons used; 2,001 to 10,000 gallons will be set at \$4.03 per thousand gallons; over 10,000 gallons shall be set at \$5.90 per thousand gallons.

Section 2: That the base, or minimum charge outside of Huntland City limits shall be set at \$21.81 and will include the first 2,000 gallons used; 2,001 to 10,000 gallons will be set at \$4.31 per thousand gallons; over 10,000 gallons shall be set at \$5.90 per thousand gallons.

Section 3: That the base, or minimum charge outside on the water extension project (Pleasant Ridge) shall be set at \$30.13 and will include the first 2,000 gallons used; 2,001 to 10,000 gallons will be set at \$7.34 per thousand gallons; over 10,000 gallons shall be set at \$5.90 per thousand gallons.

Section 4: That hook-up fees for all customers to be set at \$50.00 and are nonrefundable.

(Section 5 carries the same dollar amount but the conditions have been rephrased.)

Section 5: There shall be a \$200.00 renter's deposit imposed on all renters to be refunded only after the following conditions have been met: (1) The Town of Huntland has been notified that services are no longer needed; (2) That services have been physically turned off by a TOH employee; (3) That the account balance has been paid in full. THIS PAYMENT WILL IN NO CASE BE CONSIDERED AS PART PAYMENT OF BILL WHERE CUSTOMER CONTINUES TO USE SERVICE.

Section 6: That the charge for cut-off fees be increased to \$50.00 if the water is turned off during regular business hours and \$75.00 for non-business hours, weekends and holidays.

Section 7: Tap fees will be increased to \$900.00 or cost plus 10%, whichever is higher, for taps both inside and outside of city limits. The customer will also be charged an additional \$50.00 for a hook-up fee.

Section 8: Tap fees for lines larger than ¾" will be charged at cost plus 10%.

Section 9: A fee of \$250 will be charged for meter tampering. If agreed upon by the board; labor, materials and/or legal costs will also be billed.

Ordinance 2017-54 (continued)

Passed 1<sup>st</sup> reading DECEMBER, 2017

Passed 2<sup>nd</sup> reading JANUARY, 2018

Signed this 29 day of January, 2018

Mayor: Dalton Steele Jr.

Recorder: Wendy Pugh

## Ordinance 2018-1b

An Ordinance to amend Ordinance 2017-54, to establish rates and charges for water service in the Town of Huntland, Tennessee.

Whereas, it appears it is in the best interest of the citizens of the Town of Huntland, Tennessee that the water rates and charges for water services in the Town of Huntland should be amended and modified.

Now, therefore, it be ordained, by the Board of Mayor and Alderman for the Town of Huntland, Tennessee as follows:

Section 1-3 are set forth as follows:

Section 1: That the base, or minimum charge within Huntland City limits shall be set at \$24.04 and will include the first 2,000 gallons used; 2,001 to 10,000 gallons will be set at \$5.12 per thousand gallons; over 10,000 gallons shall be set at \$7.49 per thousand gallons.

Section 2: That the base, or minimum charge outside of Huntland City limits shall be set at \$27.26 and will include the first 2,000 gallons used; 2,001 to 10,000 gallons will be set at \$5.39 per thousand gallons; over 10,000 gallons shall be set at \$7.38 per thousand gallons.

Section 3: That the base, or minimum charge outside on the water extension project (Pleasant Ridge) shall be set at \$36.76 and will include the first 2,000 gallons used; 2,001 to 10,000 gallons will be set at \$8.95 per thousand gallons; over 10,000 gallons shall be set at \$7.20 per thousand gallons.

Section 4: That hook-up fees for all customers to be set at \$50.00 and are nonrefundable.

(Section 5 carries the same dollar amount but the conditions have been rephrased.)

Section 5: There shall be a \$200.00 renter's deposit imposed on all renters to be refunded only after the following conditions have been met: (1) The Town of Huntland has been notified that services are no longer needed; (2) That services have been physically turned off by a TOH employee; (3) That the account balance has been paid in full. THIS PAYMENT WILL IN NO CASE BE CONSIDERED AS PART PAYMENT OF BILL WHERE CUSTOMER CONTINUES TO USE SERVICE.

Section 6: That the charge for cut-off fees be increased to \$50.00 if the water is turned off during regular business hours and \$75.00 for non-business hours, weekends and holidays.

Section 7: Tap fees will be increased to \$900.00 or cost plus 10%, whichever is higher, for taps both inside and outside of city limits. The customer will also be charged an additional \$50.00 for a hook-up fee.

Section 8: Tap fees for lines larger than ¾" will be charged at cost plus 10%.

Ordinance 2018-1b (continued)

Section 9: A fee of \$250 will be charged for meter tampering. If agreed upon by the board; additional labor, materials and/or legal costs will also be billed for excessive damages.

Passed 1<sup>st</sup> reading May 21, 2018

Passed 2<sup>nd</sup> reading June 18, 2018

Signed this 11 day of July, 2018

Mayor: Dolton Steele Jr.

Recorder: Wendy Pruitt

**Addendum to Ordinance 2018-1b**

This addendum to Ordinance 2018-1b pertaining to the town of Huntland, TN will require all homeowners opening new accounts to pay a \$100.00 deposit on their water accounts. Existing accounts will be grandfathered in. Renters will still be required to pay a \$200 deposit.

Passed 1<sup>st</sup> reading June 18, 2018

Passed 2<sup>nd</sup> reading July 20, 2018

Signed this 4 day of August, 2018

Mayor: Dolton Steele Jr.

Recorder: Wendy Pruitt



# Lauderdale County Water System

Entity Type  
County

County  
Lauderdale

Type  
Water

Details	2016	2017	2018
Revenue	\$1,311,870.00	\$1,358,121.00	\$1,379,735.00
Expenses	\$1,290,367.00	\$1,368,778.00	\$1,380,672.00
Operating Revenue	\$21,503.00	\$(10,657.00)	\$(937.00)
Non-Operating Revenues (Expenses)	\$2,943.00	\$7,870.00	\$9,662.00
Grants, Capital Contributions, Transfers	\$-	\$508,382.00	\$-
GAAP Change in Net Position	\$24,446.00	\$505,595.00	\$8,725.00
Grants, Capital Contributions, Transfers In	\$-	\$508,382.00	\$-
Statutory Change in Net Position (2017 Law)	\$24,446.00	\$(2,787.00)	\$(102,009.00)
Statutory Change in Net Position (2018 Law)			\$8,725.00
Net Pension and OPEB Asset		\$42,149.00	\$152,883.00
Net Pension and OPEB Liability		\$-	\$-



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Deputy Comptroller

**Case: Lauderdale County**

**Staff Summary:**

The County was referred on December 13, 2018 for financial distress. The County submitted the financial questionnaire to Board staff.

Previous Rates (Prior to June 2019)	
	Water Rates
First 1,500 (flat)	\$10.00
In Excess per 1,000	\$5.25

Current Rates	
	Water Rates
First 1,500 (flat)	\$11.00
In Excess per 1,000	\$6.00

**Staff Recommendation:**

Order the County to comply with the following:

1. The County shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, complete the following:
  - i. a review of the tap and customer fees, including any recommended modifications;
  - ii. a review of the capitalization policy, including any recommended modifications;
  - iii. creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs; and
  - iv. a review of the leak adjustment policy, including any recommended modifications.
2. By October 31, 2019, the County shall send Board Staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
3. By February 28, 2020, the County shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
4. By December 31, 2019, the County shall send Board staff proof that all members of the utility system's governing body have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).





JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

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

**LAUDERDALE COUNTY WATER SYSTEM****550 CENTRAL CURVE RD.****RIPLEY, TN 38063****PHONE 731-635-2711 FAX 731-635-0027**

May 15, 2019

Water and Wastewater Financing Board:

ATTN: Mr. John Greer

Dear Mr. John Greer

Please see enclosed with this letter our plan to reduce our expenses and raise our income. Also see enclosed the questionnaire with answers and supporting documentation you requested. We are monitoring this very closely and are looking for any other areas to reduce our expenses that won't have a negative impact on our water treatment system. We have made it our goal to keep our finances in a positive position. I have informed my board members that I will be presenting them an agenda to discuss our rates at least once per year. If you need any further information or have any further advice please contact me at the above phone number or 731-612-0196 or [rnewmanlcws@hotmail.com](mailto:rnewmanlcws@hotmail.com).

Sincerely,



Randy Newman

Superintendent

TENNESSEE  
COMPTROLLER  
OF THE TREASURY

JUSTIN P. WILSON  
Comp/Viler

JASON F. Mumpower  
Deputy Comptroller

**WWFB Financial Questionnaire**

Utility: Lauderdlae County Water System

**Instructions: Please submit the following information**

1. Five-year history of your rates (all rate classes and types) **We increased the rates in February 2013 FROM \$10.00 minimum bill (2000 gal allowed) all over 2000 gal \$5.25 per thousand gal TO \$11.00 minimum bill (2000gal allowed) all over 2000 gal \$6.00 per thousand gal. February 2014 we changed the 2000 gal allowed to 1500 gal allowed, the rates stayed the same. We have not increased the rates since, until April 2019 the water board approved a rate structure change to begin with the June 2019 bill. The new rate structure \$11.00 minimum bill (1000 gal allowed) all over 1000 gal \$6.00 per thousand gal.**
2. Five-year history of all utility fees (include records of how you rationalized charges for: tap fees, reconnection fees, etc.) **Residential deposit \$75.00 since March 13, 2013 ( was \$50.00 before) Commercial deposit \$150.00 ( has been the same for 20 plus years) ( these fees are based on the average 2 month usage) Trip fee \$20.00 Reconnect fee \$30.00 ( Have been the same for 20 plus years) (These fees are based on the fuel expense, employee labor expense and wear and tear on vehicle) Water usage report fee at customers request \$30.00 ( this fee was added October 2018) New meter tap fee \$250.00 ( since August 2017) It was \$450.00 until the Mayor asked the board to reduce it to the \$250.00. ( see meeting minutes attached) We were basing the tap fee on the actual cost of parts, (no labor and no fuel charge.)**
3. The current customer contract used for new service accounts (see attached for a copy of the contract.)
4. Most current three-months of balance sheets and income statements (accounts must be broken out by water and sewer if applicable; you may need to estimate or use a percentage for each) ( See attached)
5. A copy of your debt management policy **LCWS has no existing loans at this time. All loans were paid off in 2013 due to the large amount of interest we were paying versus what our reserves were drawing. (see attached for policy.)**
6. A copy of your capitalization policy (by which you decide whether you capitalize versus expense items) (see attached for policy)

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

1. Do you have a plan to remedy your financially distressed position? (Yes, changing the rate structure mentioned above is our first step to remedy our distressed position. Looking at all possible ways to cut cost that won't have a negative impact on our water treatment system.) (see attached for plan)
  - a. If so, please provide a detailed copy.
  - b. If not, please provide a detailed explanation.
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.)? **Lauderdale County Water System water board approves all rates and fees.**
3. How many customers do you have currently? Please break out by metered, non-metered, billed and un-billed, and class (residential, commercial, etc.). **3773 residential, 43 commercial, all metered all billed.**

4. What percentage of your sales do the largest ten (10) customers (by volume and by revenue) represent on a yearly basis? **2.3% by volume, 1.9 % by revenue (see attached)**
5. Do you have plans for a rate increase or decrease? **Yes, beginning with the June 2019 bill.**
  - a. If yes, has your board voted on it? **Yes, at the April 2019 board meeting (see attached minutes)**
    - 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? **To cover cost of operations.**
7. Do you have written policies for rates and fees (how they are implemented and billed, including adjustments)? **No written policies for rates and fees at this time. We use United Systems software for our billing. We review these rates and fees yearly.**
  - 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? **Listed on our website at lauderdalewatertn.com.**
  - a. Is this done at least annually? If not, please explain. **Stays on website year round. If any changes are made we put a notice on the water bill to visit our website to see change. We also use our facebook page for notices.**
9. Do you have a capital asset plan/budget? **Looking into this now.**
  - a. If so, how long does it forecast (5-year, 10-year, etc.)?
  - b. If you do not have a capital asset plan/budget, please justify why you do not.
10. Do you review your capital asset list? **yes**
  - a. If so, please indicate the frequency it is reviewed (annually, semi-annually, etc.) and who reviews this list. **Annually. Superintendent and auditor.**
  - 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? **Yes, this year excessive rain and flooding caused damage to several water mains in our distribution system.**
12. Do you have a leak adjustment policy? **(see attached for policy)**
  - a. If so, what is the average yearly amount adjusted in gallons, cost to produce (or purchase), and lost revenue? **(see attached)**
  - 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? **(No)**
  - 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? **(No)**
  - a. If so, please provide a detailed explanation.
15. Have you applied for grants that will be received over the next two years? **We have applied for a CDBG grant for distribution line upgrades in the amount of \$525,000.00. Should hear from them in September or October 2019.**
  - a. If so, please provide a detailed explanation.

16. Do you produce or purchase your water supply? **Both**
- a. If you produce your own water,
    - i. What is the cost per thousand to produce? **.53 cents**
  - b. If you purchase your water,
    - i. What is the cost per thousand? **\$3.42 (Monthly base rate totals \$ 628.38)**
    - ii. Do you have a long-term purchase contract in place? **No**
17. Do you have any wholesale customers? **No**
- a. Do you have written contracts with those customers? **NA**
18. What is your current non-revenue water percentage? **32%**
- a. Do you have any plans for improving your non-revenue water percentage? **Yes**
  - b. If so, please provide a detailed explanation. **Make more accuracy checks on water meters, check all out of service meters for theft and look into advanced leak detection.**
19. With respect to your governing board, how frequently do you meet and what is your practice of providing notice of your meetings? **Monthly, meeting notice on our website.**
20. Has your governing body met the applicable training requirements? **They are in the process of taking the online training.**
- a. Please provide a list of Board members and their election/appointment dates. **(see attached)**
  - b. Please review the training requirements at <https://www.comptroller.tn.gov/WW1'13/>

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

Signature:  Title: Superintendent Date: 5-14-19

Please mail, e-mail(preferred), 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)

MINUTES OF THE SEPTEMBER MEETING OF COMMISSIONERS  
OF  
LAUDERDALE COUNTY WATER SYSTEM

The August meeting of the Commissioners of the Lauderdale County Water System of Lauderdale County, Tennessee, was held on the 8<sup>th</sup> day of August, 2017, at 6:00 P.M. at the Lauderdale County Water System Office.

The following lists of Commissioners were present:

Mr. Rick Jenkins  
Mr. Joe Ferguson  
Mr. William Jarrett  
Mr. Jerry Parker  
Mr. John Ewer

Also present were Mrs. Cathy Neal, Bookkeeper, and Mr. Randy Newman, Superintendent, Mr. Joe Carmack, exificio. Mr. Jenkins opened the meeting with prayer. The minutes of the July meeting were read and approved on motion by Mr. Ferguson and second of Mr. Parker.

The list of Billing adjustments and write offs for August was approved on motion by Mr. Jenkins and second of Mr. Ferguson.

Mr. Newman apologized to the board for the hostile atmosphere of the July meeting.

Mr. Newman updated the board on the status of possible insurance reimbursement for FMLA payment. It is possible that we could be reimbursed up to \$9319.00.

Mrs. Neal updated the board on the status of credit/debit card use and the status of the website. The month of July 100 customers used the website and 40 customers paid with cards in the office. As of August 8<sup>th</sup> 22 customers used the website and 6 customers paid with cards in the office.

Billing Adjustments:

Carol Heffner	\$51.36AP
Walnut Grove Parsonage	\$40.80AP
Phillip Elder	<u>\$25.02AP</u>
	\$117.18

Bad Debts Written Off:

Pamela Floyd	\$42.19
--------------	---------

Water (36.69), Tax (), Penalty (5.50)

Mr. Newman gave an update on the A2H review that he received today. He needs to take a closer look at the review before going forward. Office and plant renovations estimate was \$40,000.00. Estimate for electrical upgrades for plant and generator for Clark well was \$75,000.00. Some of the estimates seemed high. Some of projects have been completed at lower prices. Mr. Newman will meet with Mayor Gaines about the estimates with the engineers to see what grants are available.

Mr. Newman reopened discussion about reducing the cost of meter sets. He informed the board that he had been in contact with Mr. Don Scholes, General Counsel for TAUD. Mr. Scholes sent a letter which is attached with his response to our issue. After reviewing surrounding utility district fees it was determined that our fee was comparable and even below

some of their fees. After repeated demands by Mayor Gaines to reduce our meter sets from \$450.00 to \$250.00 the board voted by roll call to make it effective August 8, 2017. The rate fee will be reviewed in 1 year.

- Roll Call
- William Jarrett – Yes
- Jerry Parker – Yes
- Joe Ferguson – Yes
- Rick Jenkins – Yes
- John Ewer – Yes

Lead and Copper monitoring 30 samples of the first draw of the day after 6 – 8 hours. Board members and employees to pull some of the samples. 15 samples to be shipped at a time, all 30 to be shipped by September 30, 2017.

Information was given to the board on the cost of purchasing a mini excavator from Bob Cat at the cost of \$48148.80 and Caterpillar at the cost of \$48667.60 through the state contract 219. After Mr. Newman discussed with the employees which machine they preferred, he asked board to purchase the Caterpillar. A motion was made to take a roll call vote.

- William Jarrett – Yes
- Jerry Parker – Yes
- Joe Ferguson – Yes
- Rick Jenkins – Yes
- John Ewer – Yes

There being no further business at this time it was duly noted and unanimously adjourned.

  
 \_\_\_\_\_  
 CHAIRPERSON

  
 \_\_\_\_\_  
 VICE CHAIRPERSON

WE; the undersigned Chairperson and Vice Chairperson of the Lauderdale County Water System of Lauderdale County, Tennessee, do hereby certify that the foregoing is a true and correct copy of the minutes of the August meeting of the Commissioners of the Water System duly held on the 8th of August, 2017.

  
 \_\_\_\_\_  
 CHAIRPERSON

ATTEST:

  
 \_\_\_\_\_  
 VICE CHAIRPERSON

8/17/17

**BROWNSVILLE ENERGY AUTHORITY**

ELECTRIC/GAS/WATER/WASTEWATER

25 NORTH LAFAYETTE · P. O. BOX 424 · BROWNSVILLE, TENNESSEE 38012 · 731-772-8845

**WATER TAPS**

BUD INSIDE CITY LIMITS	\$300.00
BUD OUTSIDE CITY LIMITS	MINIMUM OF \$450.00
UTILITY DISTRICT	COST WITH A MINIMUM OF \$600 FOR RESIDENTIAL COST WITH A MINIMUM OF \$800.00 COMMERCIAL
STANTON (WATER)	COST WITH A MINIMUM OF \$450.00

**SEWER TAPS**

BUD INSIDE CITY LIMITS	\$300.00
STANTON INSIDE CITY LIMITS (SEWER)	COST WITH A MINIMUM OF \$300.00

**AUG 2016**



Outlook Mail

Randy Newman

Search Mail and People

New | Reply | Delete | Archive | Junk |

Folders

- Inbox 651
- Junk Email 30
- Drafts 31
- Sent Items
- Deleted Items 207
- Archive
- Audits
- a-z office supply
- Bobby DePriest
- cross connection
- Dead ends info
- Debt management info
- Ditcher info
- Jukebox
- Lab analysis
- Lead and copper
- Notice of intent
- order conf.
- paramount uniform
- pictures
- Plans
- Quotes
- rules
- Safety
- Tank inspection quotes
- Tank inspection reports
- Tank repair quotes
- TAUD
- Water loss program
- Well pms
- Well repair quotes

Fee for Setting Meter - Tap Fee

DS Don Scholes <donscholes@taud.org> Today, 4:50 PM You Reply |

Today, 4:50 PM You

TCA 5-16-109 Service c... 43 KB

Download Save to OneDrive Personal

Randy,

I am writing you in follow up to our discussion regarding a request by the Lauderdale County Mayor that the LCWS consider a substantial reduction the fee it charges to set meters for new customers. The County Mayor has requested the fee be reduced by almost 50%.

I understand that the current fee is just high enough to cover cost of the materials needed to install the new tap and meter. The rates and fees for LCWS should be cost based in order to be considered just and reasonable. If this fee is reduced below cost, I am concerned that a person who may choose to challenge the fee could be successful in that the new fee would not be covering the costs for which it was established. The LCWS does have a legal obligation to set rates and fees so that its operations remain self-supporting. Please see the attached statute which governs your rates and fees.

More importantly, LCWS has a legal obligation to charge all customers similarly situated the same. Any customer who has been paying the current fee could argue that he or she has been unjustly discriminated against should the rate be lowered substantially and the lower rate be charged to all future customers. The LCWS can come up with no plausible justification for such a fee decrease based upon its actual costs.

If I can provide further information on this issue, please give me a call.

Don

Donald L. Scholes  
General Counsel  
Tennessee Association of Utility Districts  
donscholes@taud.org  
615-896-9022 (office)  
615-579-7569 (cell)

AIRKNITx

18 Hour Jersey

18 Hour Jersey

3-Pack Knt

18 Hour Jersey

Amphibious

Remove ads

Upgrade to Premium

§ 5-16-109. Service charges; rules and regulations, TN ST § 5-16-109

---

West's Tennessee Code Annotated  
Title 5, Counties       †  
Chapter 16. Urban Type Public Facilities

T. C. A. § 5-16-109

§ 5-16-109. Service charges; rules and regulations

Currentness

(a) The board or administrative agency shall determine and fix charges to be made for furnishing any and all of the facilities as provided in this chapter, upon a basis calculated to ensure the fiscal solvency of the operation at all times.

(b) The board or administrative agency is further authorized and directed to make and publish reasonable rules and regulations covering the use by any individual, firm or corporation of any facility furnished to users.

**Credits**

1961 Pub.Acts, c. 166, § 9.

**Formerly** § 5-1609.

T. C. A. § 5-16-109, TN ST § 5-16-109

Current with laws from the 2017 First Reg. Sess., eff. through June 30, 2017. Pursuant to §§ 1-1-110, 1-1-111, and 1-2-114, the Tennessee Code Commission certifies the final, official version of the Tennessee Code and, until then, may make editorial changes to the statutes. References to the updates made by the most recent legislative session should be to the Public Chapter and not to the T.C.A. until final revisions have been made to the text, numbering, and hierarchical headings on Westlaw to conform to the official text.

---

End of Document

© 2017 Thomson Reuters. No claim to original U.S. Government Works.

MINUTES OF THE SEPTEMBER MEETING OF COMMISSIONERS  
OF  
LAUDERDALE COUNTY WATER SYSTEM

The April meeting of the Commissioners of the Lauderdale County Water System of Lauderdale County, Tennessee, was held on the 16<sup>th</sup> day of April 2019, at 6:00 P.M. at the office of Lauderdale County Water System.

The following lists of Commissioners were present:

- Mr. Paul Gomer
- Mr. William Jarrett
- Mr. John Ewer
- Mr. Jerry Parker

Also, present were Mr. Randy Newman, Superintendent, Mrs. Cathy Neal, Bookkeeper, Mr. Terry Mills, exificio, Mr. Jason Chrestman, exificio, and Mr. Maurice Gaines, County Mayor. Mr. Parker opened the meeting with prayer. The minutes of the March meeting were emailed prior to the meeting and approved by motion of Mr. Gomer and second of Mr. Ewer.

The list of Billing adjustments and write offs for March were approved by motion of Mr. Ewer and second of Mr. Parker.

	<u>Billing Adjustments:</u>
Keith Klutz	\$346.37 AP
Shelly Smith	\$300.27 AP
Anna Jane Bizzell	\$397.07 AP
Andrew Johnson	<u>\$10.54 AP</u>
	\$927.18
	<u>Bad Debts Written Off:</u>
Jessica Barrett	\$7.37
Bryan Benjamin	\$23.03
C H Sullivan, Jr	<u>\$311.31</u>
	\$1,752.60
Water (\$279.85), Tax (\$25.00), Penalty (\$36.86)	

Mr. Newman gave an update on the water main issue from the past month on Hwy. 19 W in Ashport Bottoms. A temporary line has been placed across the first bridge after Open Lake. This allowed the water to be restored to the customers in this area, until a permanent repair can be made. Pictures of the repair work being done in the back water was shown to everyone in attendance. A valve has been installed at the bridge to help determine where the actual break is at.

Mr. Newman requested that the Debt Management Policy, presented to the board at last month's meeting, be adopted. It was adopted by motion of Mr. Gomer and second of Mr. Ewer.

Mr. Newman asked Mayor Gaines to update the board on the discussion with the Comptroller's office. It was determined that the questionnaire from the Comptroller's Office will have to be completed and submitted. Due to changes in the rules and regulations from the State in 2018, retirement contributions are no longer considered a fixed asset. Grant income is now counted as income in the year it was received.

Mr. Newman has contacted TAUD for assistance in getting this information together.

Mr. Newman presented a current Rate Study to the board. See attached. After reviewing it was requested that our rates be restructured. The current rate structure is 0-1500 gallons for \$11.00 and \$6.00 per 1000 after the first 1500 gallons. Example: 5000 gallons = \$32.00 plus tax. Proposed rate structure is 0-1000 gallons for \$11.00 and \$6.00 per 1000 after first 1000 gallons. Example: 5000 gallons = \$35.00 plus tax. The proposed rate structure was passed on motion of Mr. Parker and second of Mr. Gomer. The new rate will go into effect with the June reading and billing cycle. The information will be posted on our Facebook page, website and bills.

Stephanie Kusseff  
VICE CHAIRPERSON

WE; the undersigned Chairperson and Vice Chairperson of the Lauderdale County Water System of Lauderdale County, Tennessee, do hereby certify that the foregoing is a true and correct copy of the minutes of the January meeting of the Commissioners of the Water System duly held on the 16th of April 2019.

William H. Jarrett  
CHAIRPERSON

ATTEST:

Stephanie Kusseff  
VICE CHAIRPERSON

## Lauderdale County Water System Adjustment Policy

Each customer account can qualify for a once a calendar year adjustment to their water bill if all of the following criteria are met:

There has to have been a line break. We do not make adjustments for toilet leaks, hoses being left on overnight, leaky faucets, or similar problems. The adjustment policy is only for a broken line.

The broken line has to have been repaired before an adjustment is given. This ensures that there would be no further excessive bills at that particular account.

There has not been another adjustment given during the last calendar year.

The account in question is an occupied residence. Vacation homes, unoccupied rentals, or vacant homes do not qualify.

The adjustment amount is determined as follows: The customer will pay for half of the usage on the excessive bill plus the average usage of the last twelve months.

Example: If the customer meets the requirements of the adjustment policy for a bill for 20,000 gallons and their calculated average usage of the last twelve months is 7,000 gallons per month, then the adjusted amount would be figured for 17,000 gallons plus tax.

Months	Total Gallons Adjusted
5/31/2017	46,500
6/30/2017	0
7/31/2017	68,000
8/31/2017	30,700
9/30/2017	58,200
10/31/2017	0
11/30/2017	76,900
12/31/2017	0
1/31/2018	517,500
2/28/2018	120,100
3/31/2018	307,600
4/30/2018	466,100
5/31/2018	0
6/30/2018	57,900
7/31/2018	12,900
8/31/2018	45,400
9/30/2018	108,600
10/31/2018	312,600
11/30/2018	9,200
12/31/2018	41,400
1/31/2019	140,800
2/28/2019	160,100
3/31/2019	152,000
4/30/2019	44,000

**2,776,500**

**Average  
Yearly  
Adjustment            1,388,250**

**Cost to  
Produce     \$            735.77    \$.53 per 1,000**

**Lost Revenue    \$            8,329.50    \$6.00 per 1,000**

## Current Board Member Term Dates

### Lauderdale County Water

Paul Gomer: term ends 9-10-2021 service since September 2018

Stephanie Kissell: term ends 9-10-2021 service since September 2018

William Jarrett (Chair Person): term ends 6-30-2016 service since April 1997

John Ewer: term ends 12-31-2016

Jerry Parker: term ends 6-30-2017



# Luttrell

Entity Type  
City

County  
Moore

Type  
Sewer

Details	2016	2017	2018
Revenue	\$380,002.00	\$352,026.00	\$450,205.00
Expenses	\$573,500.00	\$515,304.00	\$560,333.00
Operating Revenue	\$(193,498.00)	\$(163,278.00)	\$(110,128.00)
Non-Operating Revenues (Expenses)	\$(10,300.00)	\$(5,473.00)	\$(9,354.00)
Grants, Capital Contributions, Transfers	\$35,600.00	\$360,129.00	\$-
GAAP Change in Net Position	\$(168,198.00)	\$191,378.00	\$(119,482.00)
Grants, Capital Contributions, Transfers In	\$35,600.00	\$360,129.00	\$-
Statutory Change in Net Position (2017 Law)	\$(203,798.00)	\$(168,751.00)	\$(117,560.00)
Statutory Change in Net Position (2018 Law)			\$(119,482.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$3,425.00	\$5,347.00





JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

## **Case: City of Luttrell**

### **Staff Summary:**

On November 15, 2018, the board ordered Luttrell to complete the following:

1. The City shall require that all vendors contracted with the City's water and sewer system shall provide true documentation of their costs of services and transactions, including invoices and other proofs of payment.
2. The City shall hire a qualified expert to complete a comprehensive cost of service study of the City's water and sewer system. The qualified expert shall be pre-approved by Board staff. The City shall be under contract for said cost of service study by December 31, 2018.
3. The City shall provide an update to Board staff on the City's compliance with this order, including providing all supporting documentation provided in the cost of service study, by March 1, 2019.

Board staff did not receive the correct information in a timely fashion for the completion of the above order. On March 14, 2019, the Board ordered the City to complete the following:

1. The City shall perform all requirements of the Board's November 28, 2018 order, by June 15, 2019.
2. The City shall provide an update to Board staff on the City's compliance with this order, including submitting all supporting documentation provided in the cost of service study by June 30, 2019.

The rate study has been completed, but the ordinance has not been passed. The City Recorder shared with Board Staff that on September 16<sup>th</sup> the ordinance should be through its second reading. The Mayor has expressed the possibility that a merger with surrounding utilities may be possible.

### **Staff Recommendation:**

Order the City to comply with the following:

1. The City shall explore merger possibilities with surrounding utilities.
2. The City shall send an update to Board staff on merger possibilities and the final passage of the new rate structure by December 31, 2019.
3. The City shall send financial updates to Board staff by March 1<sup>st</sup> and September 1<sup>st</sup> annually starting March 1, 2020, until released from Board oversight.

City of Luttrell, Tennessee										
	2019		2020		2020		2021		2021	
	Current Rates		Old Ordinance		New Ordinance		Old Ordinance		New Ordinance	
	Inside & Outside City	Outside County	Inside & Outside City	Outside County	Inside & Outside City	Outside County	Inside & Outside City	Outside County	Inside & Outside City	Outside County
Minimum 1st 1,000 Gallons	\$31.44	\$51.03	\$36.16	\$71.44	\$28.54	\$36.55	\$36.88	\$74.30	\$28.54	\$36.55
After 1,000 Gallons Per 1,000 Gallons	\$8.15	\$13.23	\$9.37	\$18.52	\$10.25	\$14.00	\$9.56	\$19.26	\$11.79	\$14.70
Single Use Lift Stations Maintenance Fee	\$25.00	\$50.00	\$25.00	\$50.00	\$37.00	\$37.00	\$25.00	\$50.00	\$55.56	\$55.56
Water Well Customers	\$30.00	\$30.00	\$30.00	\$30.00	\$43.00	\$43.00	\$30.00	\$30.00	\$58.08	\$58.08

Rate Increase Beyond 2021				
	Old Ordinance		New Ordinance	
	Inside & Outside City	Outside County	Inside & Outside City	Outside County
1st 1,000 Gallons	2%	4%	2%	2%
Per 1,000 Gallons	2%	4%	2%	2%
Single Use Lift Stations Maintenance Fee			2%	2%
Water Well Customers			2%	2%



# Metro Moore County-Lynchburg Water and Sewer Department

Entity Type  
County

County  
Moore

Type  
Water and Sewer

Details	2016	2017	2018
Revenue	\$1,813,051.00	\$1,837,447.00	\$1,891,571.00
Expenses	\$1,664,964.00	\$1,813,461.00	\$1,972,184.00
Operating Revenue	\$148,087.00	\$23,986.00	\$(80,613.00)
Non-Operating Revenues (Expenses)	\$(180,720.00)	\$(424,546.00)	\$(202,496.00)
Grants, Capital Contributions, Transfers	\$119,179.00	\$903,579.00	\$124,773.00
GAAP Change in Net Position	\$86,546.00	\$503,019.00	\$(158,336.00)
Grants, Capital Contributions, Transfers In	\$119,179.00	\$903,579.00	\$124,773.00
Statutory Change in Net Position (2017 Law)	\$(32,633.00)	\$(400,560.00)	\$(283,109.00)
Statutory Change in Net Position (2018 Law)			\$(283,109.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$-	\$-



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

### **Case: Metro Moore County/ Lynchburg**

#### **Staff Summary:**

On November 28, 2018, the Board ordered the County to complete 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)
    - vi. creation of a meter replacement program based on the completed meter inventory.
  2. Metro Moore shall implement all recommendations of the completed rate study by March 31, 2019
  3. Metro Moore shall provide an update on all paragraphs of this order to Board staff by April 19, 2019.

The County has completed the requirements of the above order. The County is still facing I&I and Water Loss issues; however, they are being proactive in solving this problem.

#### **Staff Recommendation:**

Order the County to comply with the following:

1. The County shall send financial updates to Board staff by March 1<sup>st</sup> and September 1<sup>st</sup> annually starting March 1, 2020, until released from Board oversight.

METROPOLITAN LYNCHBURG MOORE COUNTY  
UTILITY DEPARTMENT  
BOARD MEETING  
August 12, 2019

The Metro Utility Board meeting scheduled for August 12, 2019 at 6:00 P.M. was called to order by Shawn Adams, Chairperson. Members present were: Shawn Adams, Sunny Rae Moorehead, Meghan Bailey, Keith Moses, Brooke Fanning and Russell Sells.

Motion was made by Meghan Bailey and seconded by Sunny Rae Moorehead to approve the minutes of the July 8, 2019 meeting. Motion carried 4-0.

Visitors: Mayor Bonnie Lewis, Dudney Fox, FoxPE, Travis Wilson, S&ME, Buddy Petty, RateStudies, Inc. and Samantha with Moore County News

Engineers' Reports –

FoxPE, Inc.: Mr. Dudney Fox distributed a handout to the board members summarizing four separate work areas his company is addressing.

- 1) Water Treatment Plant
  - a. Evaluate issues with sedimentation leading to very short filter run times, including:
    - i. Coagulant
    - ii. Sedimentation basin distribution manifolds
    - iii. Tube settler module installation
    - iv. Flash mix
  - b. Evaluate issues with raw water pump station and transmission line, including:
    - i. Raw water transmission air and vacuum relief valves
    - ii. Raw water pump station check valves
  - c. High Service pump VFDs
  - d. Backwash lagoon capacity
- 2) Water Distribution
  - a. Evaluate low system pressure at:
    - i. Old Fayetteville Highway
  - b. Evaluate potential modifications to distribution system modifications to improve pressure
  - c. Evaluation of Coy Hill booster pumping station, identified in TDEC sanitary survey as requiring corrective action
  - d. Harry Hill booster pumping station
  - e. Water distribution system hydraulic modeling. Modeling will allow for evaluation of improvements to alleviate low pressure areas, solutions for Coy Hill booster pumping station, and assist with identification of water loss
- 3) Wastewater Treatment Plant
  - a. Evaluation of capacity including hydraulic and treatment
  - b. Evaluation of influent screening facilities
  - c. Evaluation of post equalization facilities
  - d. Meeting with Jack Daniel Distillery regarding potential to accept south plant bottling wastewater
- 4) Funding
  - a. Meetings with TDEA SRF regarding potential grant and loan opportunities

S&ME: Mr. Travis Wilson presented the board with a slideshow of the recent smoke testing and video recording of the MUD sewer system. He described problem areas and the proposed way to repair each of them. His presentation was about ten minutes in length and he answered questions after his presentation.

RateStudies, Inc: Mr. Buddy Petty presented the board with his completed rate study analysis. He reviewed the analysis in depth with the board and answered questions during his presentation. After his presentation a motion was made by Keith Moses and seconded by SunnyRae Moorehead to accept the re-structuring of the Metro Water and Sewer Rates to:

Effective September 1, 2019 the new monthly rates for water and sewer service will be as follows:

Residential

Water: \$7.70 Service Charge and \$9.65 per 1000 gallons.

Sewer: \$5.38 Service Charge and \$11.00 per 1000 gallons.

Commercial

Water: \$7.70 Service Charge and \$12.28 per 1000 gallons.

Sewer: \$5.38 Service Charge and \$14.00 per 1000 gallons.

Industrial

Water: \$7.70 Service Charge and \$13.94 per 1000 gallons.

A roll call vote was taken: Meghan Bailey- Yes, SunnyRae Moorehead- Yes, Shawn Adams- Yes, Keith Moses- Yes, Gerald Burnett – Absent. Motion passed 4-0.

Manager's Report: Mr. Sells informed the board that all the vehicles have been delivered and are in use by the employees. He did explain that LineX in Tullahoma will be installing more vehicle lighting for safety in the coming weeks.

The Harry Hill Road project is now complete. The maintenance crew will be conducting cleanup details once the ground is dry.

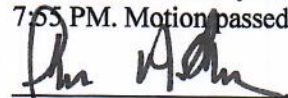
During the first week of September the maintenance crew will be at the Wastewater plant to finish the work on the bypass and cleaning of the EQ basin.

The meeting with the State Comptroller's office staff went well and he feels encouraged by their support. Mr. John Greer recommends MUD retain an attorney who specializes in utility litigation. Michael Wall, Esquire has been recommended to MUD through TAUD.

During the TAUD conference Mr. Sells was able to attend several classes and speaking forums providing him with several ideas for the Department. He encouraged the board members to make time to attend these conferences in the future.

One subject he emphasized from his conference time was Fraud Prevention/Cyber Security. He would like to explore this topic in depth to protect the Department.

Motion was made by Keith Moses, and seconded by Meghan Bailey, to adjourn. Meeting adjourned at 7:55 PM. Motion passed 4-0.



Shawn Adams, Chairperson

Residential Water Rates														
2019			2020			2021			2022			2023		
Gallons	Minimum											% Inc.		
First	2,000	\$24.88	Sevice Charge \$7.70			Sevice Charge \$7.70			Sevice Charge \$7.70			Sevice Charge \$7.85 2%		
		Per 1,000 gal.	Per 1,000 gal.			Per 1,000 gal.			Per 1,000 gal.			Per 1,000 gal.		
Over	2,000	\$10.15	Over	0 Gal	\$9.65	Over	0 Gal	\$9.65	Over	0 Gal	\$9.65	Over	0 Gal	\$9.84 2%
Water Sold (Gallons)	Monthly Charge		Monthly Charge	Difference	Percent Increase	Monthly Charge	Difference	Percent Increase	Monthly Charge	Difference	Percent Increase	Monthly Charge	Difference	Percent Increase
1,000	\$24.88		\$17.35	(\$7.53)	-30%	\$17.35	\$0.00	0%	\$17.35	\$0.00	0%	\$17.70	\$0.35	2%
2,000	\$24.88		\$27.00	\$2.12	9%	\$27.00	\$0.00	0%	\$27.00	\$0.00	0%	\$27.54	\$0.54	2%
3,000	\$35.03		\$36.65	\$1.62	5%	\$36.65	\$0.00	0%	\$36.65	\$0.00	0%	\$37.39	\$0.73	2%
4,000	\$45.18		\$46.30	\$1.12	2%	\$46.30	\$0.00	0%	\$46.30	\$0.00	0%	\$47.23	\$0.93	2%
5,000	\$55.33		\$55.96	\$0.63	1%	\$55.96	\$0.00	0%	\$55.96	\$0.00	0%	\$57.07	\$1.12	2%

Commercial Water Rates														
2019			2020			2021			2022			2023		
Gallons	Minimum		% Inc.			% Inc.			Gallons	Minimum		% Inc.		
First	2,000	\$18.24	Sevice Charge \$7.70			Sevice Charge \$7.70			Sevice Charge \$7.70			Sevice Charge \$7.85 2%		
		Per 1,000 gal.	Per 1,000 gal.			Per 1,000 gal.			Per 1,000 gal.			Per 1,000 gal.		
Over	2,000	\$10.49	Over	0 Gal	\$12.28	Over	0 Gal	\$12.28	Over	0 Gal	\$12.28	Over	0 Gal	\$12.53 2%
Water Sold (Gallons)	Monthly Charge		Monthly Charge	Difference	Percent Increase	Monthly Charge	Difference	Percent Increase	Monthly Charge	Difference	Percent Increase	Monthly Charge	Difference	Percent Increase
3,000	\$28.73		\$44.55	\$15.82	55%	\$44.55	\$0.00	0%	\$44.55	\$0.00	0%	\$45.44	\$0.89	2%
5,000	\$49.71		\$69.11	\$19.40	39%	\$69.11	\$0.00	0%	\$69.11	\$0.00	0%	\$70.50	\$1.38	2%
10,000	\$102.16		\$130.53	\$28.37	28%	\$130.53	\$0.00	0%	\$130.53	\$0.00	0%	\$133.14	\$2.61	2%
15,000	\$154.61		\$191.94	\$37.33	24%	\$191.94	\$0.00	0%	\$191.94	\$0.00	0%	\$195.78	\$3.84	2%

Industrial Water Rates														
2019			2020			2021			2022			2023		
Gallons	Minimum		% Inc.			% Inc.			Gallons	Minimum		% Inc.		
First	2,000	\$18.24	Sevice Charge \$7.70			Sevice Charge \$7.70			Sevice Charge \$7.70			Sevice Charge \$7.85 2%		
		Per 1,000 gal.	Per 1,000 gal.			Per 1,000 gal.			Per 1,000 gal.			Per 1,000 gal.		
Over	2,000	\$10.49	Over	0 Gal	\$13.94	Over	0 Gal	\$13.94	Over	0 Gal	\$13.94	Over	0 Gal	\$14.21 2%
Water Sold (Gallons)	Monthly Charge		Monthly Charge	Difference	Percent Increase	Monthly Charge	Difference	Percent Increase	Monthly Charge	Difference	Percent Increase	Monthly Charge	Difference	Percent Increase
1,000,000	\$10,487.26		\$13,943.56	\$3,456.30	33%	\$13,943.56	\$0.00	0%	\$13,943.56	\$0.00	0%	\$14,222.43	\$278.87	2%
2,000,000	\$20,977.26		\$27,879.41	\$6,902.15	33%	\$27,879.41	\$0.00	0%	\$27,879.41	\$0.00	0%	\$28,437.00	\$557.59	2%
3,000,000	\$31,467.26		\$41,815.27	\$10,348.01	33%	\$41,815.27	\$0.00	0%	\$41,815.27	\$0.00	0%	\$42,651.57	\$836.31	2%
5,000,000	\$52,447.26		\$69,686.98	\$17,239.72	33%	\$69,686.98	\$0.00	0%	\$69,686.98	\$0.00	0%	\$71,080.72	\$1,393.74	2%

Figure 31

### Development and Design of a Schedule of Rates

Figure 39 shows the impact of changing the rate schedule from a minimum with 2,000 gallons and a service charge with zero usage. The recommended rate increase is spread out over three years.

Residential Wastewater Rates											
2019			2020			2021			2022		
Gallons		Minimum			% Inc.			% Inc.			% Inc.
First	2,000	\$18.24	Service Charge	\$5.38		Service Charge	\$5.38		Service Charge	\$5.38	
		Per 1,000 gal.		Per 1,000 gal.			Per 1,000 gal.			Per 1,000 gal.	
Over	2,000	\$10.49	Over	0 Gal	\$11.00	Over	0 Gal	\$16.00	Over	0 Gal	\$22.89
Water Sold (Gallons)	Monthly Charge		Monthly Charge	Difference	Percent Increase	Monthly Charge	Difference	Percent Increase	Monthly Charge	Difference	Percent Increase
1,000	\$18.24		\$16.38	(\$1.86)	-10%	\$21.38	\$5.00	31%	\$28.28	\$6.89	32%
2,000	\$18.24		\$27.38	\$9.14	50%	\$37.38	\$10.00	37%	\$51.17	\$13.79	37%
3,000	\$28.73		\$38.38	\$9.65	34%	\$53.38	\$15.00	39%	\$74.06	\$20.68	39%
4,000	\$39.22		\$49.38	\$10.16	26%	\$69.38	\$20.00	41%	\$96.96	\$27.58	40%
5,000	\$49.71		\$60.38	\$10.67	21%	\$85.38	\$25.00	41%	\$119.85	\$34.47	40%

Commercial Wastewater Rates											
2019			2020			2021			2022		
Gallons		Minimum			% Inc.			% Inc.	Gallons		% Inc.
First	2,000	\$18.24	Service Charge	\$5.38		Service Charge	\$5.38		Service Charge	\$5.38	
		Per 1,000 gal.		Per 1,000 gal.			Per 1,000 gal.			Per 1,000 gal.	
Over	2,000	\$10.49	Over	0 Gal	\$14.00	Over	0 Gal	\$20.00	Over	0 Gal	\$28.18
Water Sold (Gallons)	Monthly Charge		Monthly Charge	Difference	Percent Increase	Monthly Charge	Difference	Percent Increase	Monthly Charge	Difference	Percent Increase
3,000	\$28.73		\$47.38	\$18.65	65%	\$65.38	\$18.00	38%	\$89.91	\$24.53	38%
5,000	\$49.71		\$75.38	\$25.67	52%	\$105.38	\$30.00	40%	\$146.27	\$40.89	39%
10,000	\$102.16		\$145.38	\$43.22	42%	\$205.38	\$60.00	41%	\$287.15	\$81.77	40%
15,000	\$154.61		\$215.38	\$60.77	39%	\$305.38	\$90.00	42%	\$428.04	\$122.66	40%

Figure 39





## Michie

Entity Type  
Town

County  
McNairy

Type  
Water

Details	2016	2017	2018
Revenue	\$400,846.00	\$410,779.00	\$402,897.00
Expenses	\$444,258.00	\$470,029.00	\$439,515.00
Operating Revenue	\$(43,412.00)	\$(59,250.00)	\$(36,618.00)
Non-Operating Revenues (Expenses)	\$2,240.00	\$1,867.00	\$2,988.00
Grants, Capital Contributions, Transfers	\$4,884.00	\$17,033.00	\$414,618.00
GAAP Change in Net Position	\$(36,288.00)	\$(40,350.00)	\$380,988.00
Grants, Capital Contributions, Transfers In	\$4,884.00	\$17,033.00	\$414,681.00
Statutory Change in Net Position (2017 Law)	\$(41,172.00)	\$(57,383.00)	\$(29,545.00)
Statutory Change in Net Position (2018 Law)			\$(33,693.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$-	\$4,148.00



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Case: Town of Michie**

**Staff Summary:**

On November 28, 2018, the Board ordered the City to complete the following:

1. The Town shall hire an independent outside expert to perform a capital asset evaluation and create a 5-year plan based on the evaluation, to be completed by April 30, 2019. The Town shall be under contract with such expert by December 31, 2018.
2. The Town shall provide Board staff with an update on the capital asset evaluation and resulting 5-year plan by May 31, 2019.
3. The Town shall implement a 7% rate increase across all customer classes, by January 1, 2019.
4. By February 15, 2019, the Town shall provide Board staff with an update on the 7% rate increase, including the meeting minutes in which the Town voted to implement the increase and the notice of the increase.

The Town complied with the order.

**Staff Recommendation:**

Order the Town to comply with the following:

1. The Town shall send financial updates to Board staff by March 1<sup>st</sup> and September 1<sup>st</sup> of each year, starting March 1, 2020, until the Board releases the Town from its oversight.

**COUNCIL MEETING MINUTES  
CITY OF MICHIE**

**REGULAR MEETING OF THE COUNCIL OF MICHIE, TENNESSEE HELD ON April 22, 2019 AT 6:00 P.M. AT CITY HALL.**

Alderman Jed Baker was present and presiding, along with Alderman Dunn, Alderman Buddy Poindexter, Alderman Jay Poindexter, Engineer (Matthew Estes), Roger Jenkins & Janice Durbin. Mayor Smith was absent. Alderman Jay Poindexter began with the prayer followed by the pledge of allegiance.

**MINUTES**

The minutes of the **March 25, 2019 Regular Meeting** was read and approved as distributed. Motion was made by Alderman Dunn to accept the minutes as written, 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**

A motion was made by Alderman Dunn to approve the Municipal Water System Asset Assessment Report prepared by Matthew Estes with Cook Coggin Engineering, Inc. to be presented to John Greer with the Water & Wastewater Financing Board, seconded by Alderman Buddy Poindexter and motion carried unanimously.

A motion was made by Alderman Dunn to accept Ordinance #72 to amend Ordinance #70, seconded by Alderman Jay Poindexter and motion carried unanimously.

A motion was made by Alderman Buddy Poindexter to accept the 1<sup>st</sup> reading of the 2019 - 2020 budget, seconded by Alderman Jay Poindexter and motion carried unanimously.

**ADJOURNMENT**

There being no further business, the motion to adjourn was made by Alderman Dunn and seconded by Alderman Jay Poindexter. Motion carried unanimously and the meeting was adjourned at 6:55.

\_\_\_\_\_  
Recorder

\_\_\_\_\_  
Mayor

**Municipal Water System Capital Asset Evaluation  
Town of Michie, McNairy County, Tennessee**

Page 15

Table 6 - Primary Improvements Capital Project Costs

Priority No.	Improvement	Present Capital Costs
1	Embankment Failure – Includes approximately 8,200 cu.yds. of unclassified excavation, the installation of approximately 9,500 cu.yds. of silty clay select borrow material, underdrain system, new 6' chain link fence, crushed stone access, and erosion control items.	\$ 800,000.00
2	Pressure Filter Replacement – Includes the demolition and rebuilding of the east portion of the facility building, removal and disposal of the four (4) existing pressure filters, replacing with new filter tanks and media, and re-plumbing all necessary piping and appurtenances.	\$ 630,000.00
3	Well Rehabilitation - Replace Submersible 40HP Pump – Includes TV inspection of the well, cleaning the well and screen, capacity test, new pump and motor, electrical, and other necessary appurtenances.	\$ 40,000.00
4	High Service Pump (30HP) Replacement – Includes the removal and replacement of one (1) of the existing on the 30HP vertical turbine pumps with new pump, motor, and other necessary appurtenances.	\$ 30,000.00*
5	Treatment Facility Communications Upgrade (SCADA) – Includes the upgrade of control system and telemetry communications with newer components capable of being networked via internet, system computer, and user interface.	\$ 80,000.00

\* Cost provided are construction costs only and does not include 30% Capital Costs

**Municipal Water System Capital Asset Evaluation  
Town of Michie, McNairy County, Tennessee**

Page 16

Table 7 - Future Improvements Capital Project Costs

Priority No.	Improvement	Present Capital Costs
6	Aerator Upgrade – Includes the removal and disposal of the existing aerator, replacing the aerator with new aerator with pipe media, re-plumbing the aerator and all necessary appurtenances. Estimate includes an allowance for the addition of poly coagulant and lime feed systems.	\$ 160,000.00
7	Detention Storage Mud Valve Replacement – Includes the proper discharge of raw water from the sedimentation basin, cleaning of the basin, and replacement of 8 – 6” mud valves with new stainless steel valves in the bottom of the basin including new risers.	\$ 65,000.00*
8	Northeast Subsystem Looped Connection – Includes the installation of approximately 6,000 lin.ft. of 4” PVC water line with appropriate valves, hydrants, service connections, creek bores, resurfacing, and erosion control items.	\$ 320,000.00
9	West Subsystem Looped Connection Includes the installation of approximately 7,500 lin.ft. of 6” PVC water line with appropriate valves, hydrants, service connections, creek bores, resurfacing, and erosion control items.	\$ 530,000.00
10	Replace 8” AC Water Line with 8” PVC Water Line – Includes the installation of approximately 11,000 lin.ft. of 8” PVC water line with appropriate valves, hydrants, service connections, creek bores, resurfacing, and erosion control items.	\$ 800,000.00
11	Install Gate Valves Strategically in System for Maintenance – Includes the installation of fourteen (14) gate valves and appurtenances ranging in size from 3” to 6” in diameter.	\$ 35,000.00*

\* Cost provided are construction costs only and does not include 30% Capital Costs



## New Johnsonville

Entity Type  
City

County  
Humphreys

Type  
Water and Sewer

Details	2016	2017	2018
Revenue	\$1,341,402.00	\$1,179,163.00	\$1,330,584.00
Expenses	\$1,191,504.00	\$1,215,038.00	\$1,521,958.00
Operating Revenue	\$149,898.00	\$(35,875.00)	\$(191,374.00)
Non-Operating Revenues (Expenses)	\$(61,141.00)	\$(75,765.00)	\$(75,033.00)
Grants, Capital Contributions, Transfers	\$716,757.00	\$132,607.00	\$-
GAAP Change in Net Position	\$805,514.00	\$20,967.00	\$(266,407.00)
Grants, Capital Contributions, Transfers In	\$716,757.00	\$132,607.00	\$-
Statutory Change in Net Position (2017 Law)	\$88,757.00	\$(111,640.00)	\$(248,743.00)
Statutory Change in Net Position (2018 Law)			\$(266,407.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$3,028.00	\$20,692.00



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Case: City of New Johnsonville**

**Staff Summary:**

On March 25, 2019 the City was referred for financial distress and later returned the financial questionnaire to Board Staff. The City implemented a 10% rate increase of all rates as of July 1, 2019. Board Staff is unable to confidently determine whether this rate increase will be sufficient to bring the City into compliance.

The City also informed Board Staff that Wayne Woods, a city council member elected on August 2, 2018, has not met the training requirements for the initial year of service.

**Staff Recommendation:**

Order the City to comply with the following:

1. The City shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
  - i. a review of the capitalization policy, including any recommended modifications;
  - ii. creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs;
  - iii. a justification for differing rate classes or if no justification is possible, recommendations for an appropriate rate structure;
  - iv. a review of tap fees, including any recommended modifications; and
  - v. a justification for a declining rate structure, or if no justification is possible, recommendations for one flat rate over the minimum bill.
2. By October 31, 2019, the Town shall send Board Staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
3. By February 28, 2020, the Town shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
4. By December 31, 2019, the Town shall send Board staff proof that all members of the utility system's governing body have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

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





## City of New Johnsonville

323 Long Street  
 New Johnsonville, TN 37134  
 (931) 535-2715 Fax: (931) 535-2185

July 12, 2019

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

RE: WWFB Financial Questionnaire

Dear Mr. Greer,

The City of New Johnsonville received a letter from the Tennessee Comptroller of the Treasury requesting documentation and a questionnaire to the Water & Wastewater Financing Board. We have included a five-year history of the City of New Johnsonville's rates, utility fees, current customer contract used for new service accounts, most current three months of balance sheets & income statements and a copy of the debt management policy. The City of New Johnsonville currently follows the straight-line method for capital assets and follows the guidelines their auditor has set for the City on a capitalization policy. Below is the questions and answers to the WWFB Financial Questionnaire.

1. Do you have a plan to remedy your financially distressed position?

The City of New Johnsonville Mayor and Council Members are keeping a closer watch on expenses and revenues, as well as increasing the utility rates.

2. Who has the authority to set rates and fees? Do you have a board or committee separate from your local legislative body?

The Council and Mayor set the rates and fees as needed. The City of New Johnsonville does not have a separate board or committee.

3. How many customers do you have currently? Please break out by metered, non-metered, billed and un-billed, and class (residential, commercial, etc.)

Water Customers = 862 (798 Residential, 59 Commercial & 5 Industrial)

Sewer Customers = 630 (581 Residential, 44 Commercial & 4 Industrial)

4. What percentage of your sales do the largest ten (10) customers (by volume and by revenue) represent on a yearly basis?

On a yearly basis the largest 11 water customers by volume is 73% and by revenue is 63%.

5. Do you have plans for a rate increase or decrease?

Yes, the most current rate increase is 10%. The rate increase was effective July 1, 2019.

6. What is the justification for the current structure of your rates?

After much discussion with the Council members and MTAS it was decided that a rate increase of a total of 26% is what is needed. Without making such a large jump at one time it was decided to increase 10% now and the remainder spread out later in the year with an increase of 3 to 5% each year after that.

7. Do you have written policies for rates and fees (how they are implemented and billed, including adjustments)?

The rates and fees are approved and implemented by the Mayor and Council during monthly board meetings. The rates are discussed as needed and implemented after two approved readings by the Mayor and Council members.

8. How do you make customers aware of the rates and fees you have in place?

Customers are aware of the rates and fees when they sign up for services at City Hall and also during monthly Mayor & Council meetings on the 1<sup>st</sup> Monday of each month at 7pm.

9. Do you have a capital asset plan/budget?

The water and sewer fund use a threshold of \$1,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets of the City are depreciated using the straight-line method over the following useful lives: Buildings 20 - 40 years, Infrastructure 20 - 25 years, Improvements other than buildings 20 years, Distribution plant 12.5 - 50 years, Machinery and equipment 3 - 20 years, Treatment plant 12.5 - 50 years.

10. Do you review your capital asset list?

Yes, once a year the insurance company requests updates as well as the auditor during his yearly audit.

11. Do you have any environmental issues currently or forthcoming that will put a financial burden on the system?

No environmental issues at this time.

12. Do you have a leak adjustment policy?

The City of New Johnsonville only allows one adjustment per year per customer. The adjustment is normally for leaks and they must provide a bill showing it was repaired. Once a bill is provided then we take an average yearly consumption to subtract from the month the leak was determined. The customer is also allowed only one adjustment per year if they fill a swimming pool and then an average yearly consumption is calculated to subtract from the sewer usage only.

13. Have you already, or do you plan to incur any new debt during the current fiscal year?

The council approved the lease purchase of a new mini excavator at the July 1, 2019 meeting for the use in the water, sewer & public works departments.

14. Have you already, or do you plan to receive any grants or capital contributions during the current fiscal year?

The City of New Johnsonville has filed an application through Humphreys County to apply for a sewer line grant to upgrade the sewer lines in the city.

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

The City of New Johnsonville has applied for the sewer line grant but unknown whether it will be approved or not at this time.

16. Do you produce or purchase your water supply?

The City produces their own water and the cost per thousand to produce is \$0.71.

17. Do you have any wholesale customers?

The City of New Johnsonville does not currently have any wholesale customers.

18. What is your current non-revenue water percentage?

As of June 30, 2018, water loss audit the non-revenue water by volume of water supplied was 26.4% and the non-revenue water by cost of operating system was 6.8%.

19. With respect to your governing board, how frequently do you meet and what is your practice of providing notice of your meetings?

The Mayor and Council meet the 1<sup>st</sup> Monday of each month at 7pm. The meeting agenda is posted on the door of City Hall the Wednesday prior to the Monday's meeting.

20. Has your governing body met the applicable training requirements?

Mayor David Cagle – elected 08/04/2016  
 Vice Mayor Tim Daniel – elected 08/04/2016  
 Councilwoman Stella Matney – elected 08/04/2016  
 Councilman Larry Bradford – elected 08/04/2016

Councilman Wayne Woods – elected 08/02/2018  
Councilman Justin Nichols – elected 08/02/2018  
Councilwoman Noverta Smith – elected 08/02/2018

The Mayor and 5 council members have completed the 12 training hours requirement as of February 21, 2019. Mr. Wayne Woods is the only council member that has not completed his requirements as of this letter.

I hereby certify that the information provided is true and correct to the best of my knowledge. If you have any further questions please feel free to contact me at (931) 535-2715 or email: [cityofnj@tds.net](mailto:cityofnj@tds.net).

Sincerely,



David Cagle  
Mayor  
City of New Johnsonville, TN

**AN ORDINANCE TO ESTABLISH THE WATER, SANITATION AND SEWER RATES FOR THE CITY OF NEW JOHNSONVILLE**

**WHEREAS,** the City of New Johnsonville's water system must comply with rules and regulations of both the state and federal governments; and

**WHEREAS,** the state has certain requirements that the city's water system must be run in a financially sound manner.

**NOW, THEREFORE, BE IT ORDAINED** by the City Council of the City of New Johnsonville, Tennessee that:

Section 1. The City shall hereby raise both the water and sewer rates to adequately fund upcoming projects within the City. The water and sewer rates for the City of New Johnsonville shall be as follows in the following rate schedule effective for fiscal year 2019-2020.

Section 2. Ordinance 2017-07 pertaining to the establishment of rate schedules is hereby repealed in its entirety and replaced with the following: :

**(A) WATER RATES**

**Residential--Inside City Limits:**

Up to 2,000 gallons.....	\$22.39 Per Month
2,001 to 4,999 gallons.....	6.25 Per 1,000 Gallons
5,000 to 19,999 gallons.....	4.03 Per 1,000 Gallons
Over 20,000 gallons.....	3.61 Per 1,000 Gallons

**Outside City Limits:**

Up to 2,000 gallons.....	\$ 31.48 Per Month
2,001 to 4,999 gallons.....	9.37 Per 1,000 Gallons
5,000 to 19,999 gallons.....	5.87 Per 1,000 Gallons
Over 20,000 gallons.....	5.43 Per 1,000 Gallons

**Commercial—Inside & Outside City Limits:**

Up to 2000 gallons.....	\$ 31.48 Per Month
2,001 to 4,999 gallons.....	9.37 Per 1,000 Gallons
5,000 to 19,999 gallons.....	5.87 Per 1,000 Gallons
20,000-999,999 gallons.....	5.43 Per 1,000 Gallons
All Usage Over 1,000,000 gallons....	3.51 Per 1,000 Gallons

**Industrial—Inside & Outside City Limits:**

Up to 2000 gallons.....	\$ 43.62 Per Month
2,001 to 4,999 gallons.....	15.27 Per 1,000 Gallons
5,000 to 19,999 gallons.....	8.29 Per 1,000 Gallons
20,000-999,999 gallons.....	7.42 Per 1,000 Gallons
All Usage Over 1,000,000 gallons....	4.80 Per 1,000 Gallons

**Sales Tax:**

In addition to the rates set forth above for water rates, there shall be an additional tax collected at such lawful rate as set by the State of Tennessee, Humphreys County or the City of New Johnsonville for a sales or use tax.

**(B) SEWER RATES**

**Residential Inside City Limits:**

Residential rates for sewer users shall be charged at an amount in addition to the water bill at the following rates:

Up to 2,000 gallons.....	\$22.39 Per Month
2,001 to 4,999 gallons.....	6.25 Per 1,000 Gallons
5,000 to 19,999 gallons.....	4.03 Per 1,000 Gallons
Over 20,000 gallons.....	3.61 Per 1,000 Gallons

**Outside City Limits:**

Up to 2,000 gallons.....	\$ 31.48 Per Month
2,001 to 4,999 gallons.....	9.37 Per 1,000 Gallons
5,000 to 19,999 gallons.....	5.87 Per 1,000 Gallons
Over 20,000 gallons.....	5.43 Per 1,000 Gallons

**Commercial--Inside & Outside City Limits:**

Up to 2,000 gallons.....	\$ 31.48 Per Month
2,001 to 4,999 gallons.....	9.37 Per 1,000 Gallons

5,000 to 19,999 gallons.....	5.87 Per 1,000 Gallons
Over 20,000 gallons.....	5.43 Per 1,000 Gallons
<b><u>Industrial--Inside &amp; Outside City Limits:</u></b>	
Up to 2,000 gallons.....	\$ 43.62 Per Month
2,001 to 4,999 gallons.....	15.27 Per 1,000 Gallons
5,000 to 19,999 gallons.....	8.29 Per 1,000 Gallons
Over 20,000 gallons.....	7.42 Per 1,000 Gallons

(C) **REFUSE FEES**

All residential customers inside the corporate city limits shall be charged \$14.12 per month for collection and disposal of refuse. All commercial customers and residential customers outside the corporate city limits shall be charged \$19.83 per month for collection and disposal of refuse.

(D) **CONNECTION FEES TO WATER AND SEWER SERVICE**

1. **Water Inside City Limits:**

¾" Line	\$ 950.00
1" Line	\$ 1075.00
1 ½" Line	\$ 1125.00
2" Line	\$ 1300.00
3" Line or Over	Negotiable

**Water Outside City Limits:**

¾" Line	\$ 1050.00
1" Line	\$ 1175.00
1 ½" Line	\$ 1400.00
2" Line	\$ 1700.00
3" Line or Over	Negotiable

2. **Sewer---Inside or Outside City Limits:**

4" Line	\$1500.00
6" Line	\$2250.00

Section 3. **ANNUAL RATE ADJUSTMENT OF WATER AND SEWER RATES:**

Water and Sewer rates will be reviewed annually during the budget process. Effective July 1 of each new fiscal year, water and sewer rates will automatically be adjusted by a percentage equal to the cost of living index available from the United States Bureau of Labor Statistics.

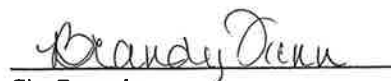
Section 4. This ordinance shall become effective upon its final passage.

1<sup>st</sup> Reading: May 06, 2019

2<sup>nd</sup> Reading: June 03, 2019

  
Mayor J. David Cagle

Attest:

  
City Recorder

AN ORDINANCE TO ESTABLISH THE WATER AND SEWER RATES FOR THE CITY OF NEW JOHNSONVILLE

WHEREAS, The City of New Johnsonville’s water system must comply with rules and regulations of both the state and federal governments; and

WHEREAS, The state has certain requirements that the city’s water system must be run in a financially sound manner.

NOW, THEREFORE, BE IT ORDAINED By the City Council of the City of New Johnsonville, Tennessee that:

Section 1. The City shall hereby raise both the water and sewer rates to adequately fund upcoming projects within the City. The water and sewer rates for the City of New Johnsonville shall be as follows in the following rate schedule effective for fiscal year 2017-2018.

Section 2. Ordinance 2015-01 pertaining to the establishment of rate schedules is hereby repealed in its entirety and replaced with the following:

(A) WATER RATES

Residential--Inside City Limits:

Table with 2 columns: Usage (gallons) and Rate. Rows include: Up to 2,000 gallons (\$20.35 Per Month), 2,001 to 3,000 gallons (5.68 Per 1,000 Gallons), 5,000 to 19,999 gallons (3.66 Per 1,000 Gallons), Over 20,000 gallons (3.28 Per 1,000 Gallons).

Outside City Limits:

Table with 2 columns: Usage (gallons) and Rate. Rows include: Up to 2,000 gallons (\$ 28.61 Per Month), 2,001 to 3,000 gallons (8.51 Per 1,000 Gallons), 5,000 to 19,999 gallons (5.33 Per 1,000 Gallons), Over 20,000 gallons (4.93 Per 1,000 Gallons).

Commercial—Inside & Outside City Limits:

Table with 2 columns: Usage (gallons) and Rate. Rows include: Up to 2000 gallons (\$ 28.61 Per Month), 2,001 to 4,999 gallons (8.51 Per 1,000 Gallons), 5,000 to 19,999 gallons (5.33 Per 1,000 Gallons), 20,000-999,999 gallons (4.93 Per 1,000 Gallons), All Usage Over 1,000,000 gallons (3.19 Per 1,000 Gallons).

Industrial—Inside & Outside City Limits:

Table with 2 columns: Usage (gallons) and Rate. Rows include: Up to 2000 gallons (\$ 39.65 Per Month), 2,001 to 4,999 gallons (13.88 Per 1,000 Gallons), 5,000 to 19,999 gallons (7.53 Per 1,000 Gallons), 20,000-999,999 gallons (6.74 Per 1,000 Gallons), All Usage Over 1,000,000 gallons (4.36 Per 1,000 Gallons).

Sales Tax:

In addition to the rates set forth above for water rates, there shall be an additional tax collected at such lawful rate as set by the State of Tennessee, Humphreys County or the City of New Johnsonville for a sales or use tax.

(B) SEWER RATES

Residential Inside City Limits:

Residential rates for sewer users shall be charged at an amount in addition to the water bill at the following rates:

Table with 2 columns: Usage (gallons) and Rate. Rows include: Up to 2,000 gallons (\$20.35 Per Month), 2,001 to 4,999 gallons (5.68 Per 1,000 Gallons), 5,000 to 19,999 gallons (3.66 Per 1,000 Gallons), Over 20,000 gallons (3.28 Per 1,000 Gallons).

Outside City Limits:

Table with 2 columns: Usage (gallons) and Rate. Rows include: Up to 2,000 gallons (\$ 28.61 Per Month), 2,001 to 4,999 gallons (8.51 Per 1,000 Gallons), 5,000 to 19,999 gallons (5.33 Per 1,000 Gallons), Over 20,000 gallons (4.93 Per 1,000 Gallons).

Commercial---Inside & Outside City Limits:

Up to 2,000 gallons.....	\$ 28.61 Per Month
2,001 to 4,999 gallons.....	8.51 Per 1,000 Gallons
5,000 to 19,999 gallons.....	5.33 Per 1,000 Gallons
Over 20,000 gallons.....	4.93 Per 1,000 Gallons
<b><u>Industrial---Inside &amp; Outside City Limits:</u></b>	
Up to 2,000 gallons.....	\$ 39.65 Per Month
2,001 to 4,999 gallons.....	13.88 Per 1,000 Gallons
5,000 to 19,999 gallons.....	7.53 Per 1,000 Gallons
Over 20,000 gallons.....	6.74 Per 1,000 Gallons

**(C) REFUSE FEES**

All residential customers inside the corporate city limits shall be charged \$12.83 per month for collection and disposal of refuse. All commercial customers inside the corporate city limits shall be charged \$18.02 per month for collection and disposal of refuse.

**(D) CONNECTION FEES TO WATER AND SEWER SERVICE**

- 1. Water Inside City Limits:
  - ¾" Line \$ 750.00
  - 1" Line \$ 875.00
  - 1 ½" Line \$ 925.00
  - 2" Line \$1000.00
  - 3" Line or Over—Negotiable

- Water Outside City Limits:
  - ¾" Line \$ 850.00
  - 1" Line \$ 975.00
  - 1 ½" Line \$1200.00
  - 2" Line \$1500.00
  - 3" Line or Over—Negotiable

- 2. Sewer----Inside or Outside City Limits:
  - 4" Line \$1000.00
  - 6" Line \$1750.00

**Section 3. ANNUAL RATE ADJUSTMENT OF WATER AND SEWER RATES:**

Water and Sewer rates will be reviewed annually during the budget process. Effective July 1 of each new fiscal year, water and sewer rates will automatically be adjusted by a percentage equal to the cost of living index available from the United States Bureau of Labor Statistics.

**Section 4. This ordinance shall become effective upon its final passage.**

1<sup>st</sup> Reading May 1, 2017

2<sup>nd</sup> Reading June 5, 2017

  
\_\_\_\_\_  
Mayor David Cagle

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





# Parrottsville

Entity Type  
Town

County  
Cocke

Type  
Sewer

Details	2016	2017	2018
Revenue	\$28,938.00	\$44,839.00	
Expenses	\$32,352.00	\$46,239.00	
Operating Revenue	\$(3,414.00)	\$(1,400.00)	
Non-Operating Revenues (Expenses)	\$-	\$-	
Grants, Capital Contributions, Transfers	\$-	\$-	
GAAP Change in Net Position	\$(3,414.00)	\$(1,400.00)	
Grants, Capital Contributions, Transfers In	\$-	\$-	
Statutory Change in Net Position (2017 Law)	\$(3,414.00)	\$(1,400.00)	
Statutory Change in Net Position (2018 Law)			
Net Pension and OPEB Asset		\$-	
Net Pension and OPEB Liability		\$-	



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Case: Town of Parrottsville**

**Staff Summary:**

The Town's most current audit is for the 2017 fiscal year. The Town was referred on May 20, 2019 for financial distress for losses in 2016 and 2017. The Town was required to send the financial distress questionnaire back to Board Staff by August 30, 2018. The questionnaire has not been returned.

**Staff Recommendation:**

Order the Town to comply with the following:

1. The Town shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, assist in completing the financial questionnaire previously sent by Board staff.
2. By October 31, 2019, the Town shall send Board Staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
3. The Town shall send the completed financial questionnaire and all supporting documentation to Board staff by December 31, 2019.
4. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Town.



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

May 24, 2019

Town of Parrottsville  
ATTN: Mayor Dewayne Daniel  
P.O. Box 300  
Parrottsville, TN 37843

Dear Mayor Dewayne Daniel,

The Town of Parrottsville has been reported 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 August 30, 2019 . Please submit this to either [utilities@cot.tn.gov](mailto:utilities@cot.tn.gov), and/or the following mailing address:

Water & Wastewater Financing Board  
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 Parrottsville 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 blue ink scribble.

John Greer  
Technical Secretary



## Petersburg

Entity Type  
Town

County  
Lincoln

Type  
Water

Details	2016	2017	2018
Revenue	\$201,958.00	\$198,777.00	\$222,823.00
Expenses	\$196,081.00	\$245,584.00	\$244,048.00
Operating Revenue	\$5,877.00	\$(46,807.00)	\$(21,225.00)
Non-Operating Revenues (Expenses)	\$(1,876.00)	\$314.00	\$543.00
Grants, Capital Contributions, Transfers	\$-	\$-	\$-
GAAP Change in Net Position	\$4,001.00	\$(46,493.00)	\$(20,682.00)
Grants, Capital Contributions, Transfers In	\$-	\$-	\$-
Statutory Change in Net Position (2017 Law)	\$4,001.00	\$(46,493.00)	\$(20,682.00)
Statutory Change in Net Position (2018 Law)			\$(20,682.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$-	\$-



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Deputy Comptroller

## Case: Town of Petersburg

### Staff Summary:

The Town was referred on January 3, 2019, for financial distress. The financial questionnaire was returned to Board staff timely.

Previous Rates		
	Inside Water	Outside Water
0 - 1,000	\$16.33	\$23.94
In Excess	\$7.98	\$11.96

Current Rates		
	Inside Water	Outside Water
0 - 1,000	\$21.33	\$28.94
In Excess	\$7.98	\$11.96

In its submitted questionnaire, the Town did not provide an adequate answer to the question regarding training compliance.

### Staff Recommendation:

Order the Town to comply with the following:

1. The Town shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
  - i. a justification of the discrepancy between inside the town and outside the town rates or if no justification is possible, a recommendation involving one rate;
  - ii. creation of a debt management policy;
  - iii. creation of a capitalization policy;
  - iv. a review of the financial viability of the Town's personnel costs being paid out of the utility fund, including any recommended modifications;
  - v. creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs;



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

- v. a review of the new customer contract to include recommended modifications if needed; and
  - vi. a plan to reduce non-revenue water.
2. By October 31, 2019, the Town shall send Board Staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
3. By December 31, 2019, the Town shall send Board staff proof that all board members have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
4. By February 28, 2020, the Town shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
5. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Town.

1. Five-year history of your rates (all rate classes and types) **Ordinances for last 2 rate increases (attached)**
2. Five-year history of all utility fees (include records of how you rationalized charges for: tap fees, reconnection fees, etc.) **5 year history included. (attached) We updated our rates based on recommendations from current water supervisor.**
3. The current customer contract used for new service accounts **Application for New Water Service (attached)**
4. Most current three-months of balance sheets and income statements (accounts must be broken out by water and sewer if applicable; you may need to estimate or use a percentage for each) **(attached)**
5. A copy of your debt management policy. **I do not believe we have a debt management policy.**
6. A copy of your capitalization policy (by which you decide whether you capitalize versus expense items) **We not have an established policy. It is determined on a case-by-case basis..**

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. Town leaders compared our rates to neighboring towns and decided that a rate increase was justified. The board was provided with 3 options each showing increases that would provide an additional water revenue. An option was selected to add approximately \$5.00 to every customer's water bill, generating approximately \$21,000.00 per year**
  - b. **If not, please provide a detailed explanation.**
2. Who has the authority to set rates and fees? Petersburg has a board of mayor and aldermen. Do you have a board or committee separate from your local legislative body?  
**No.**
3. How many customers do you have currently? Please break out by metered, non-metered, billed and un-billed, and class (residential, commercial, etc.). **348 total customers; 32 business and 316 residential. All are subject to the same rates.**
4. What percentage of your sales do the largest ten (10) customers (by volume and by revenue) represent on a yearly basis? **7% Revenue, 14% volume**
5. Do you have plans for a rate increase or decrease?
  - a. If yes, has your board voted on it? **No, already done, effective March, 2019 to be on April bill.**
    - i. Please attach the relevant minutes that show all discussion and votes. **(attached)**
    - b. If no, please attach the minutes where the relevant (ii) election and vote took place to not change the current rate structure.
6. What is the justification for the current structure of your rate **Based on historical structure and local area water plant structures.**
7. Do you have written policies for rates and fees (how they are implemented and billed, including adjustments)? **Please see previously attached ordinances.**
  - 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? **Public notices and board meetings.**
  - a. Is this done at least annually? If not, please explain
9. Do you have a capital asset plan/budget **No**
  - a. If so, how long does it forecast (5-year, 10-year, etc.)?
  - b. If you do not have a capital asset plan/budget, please justify why you do not

town of approximately 650 residents. We have very little capital expenditures or projects.
10. Do you review your capital asset list? **Yes.**
  - a. If so, please indicate the frequency it is reviewed annually, semi-annually, etc.) and who reviews this list. **Annually. Auditors, Mayor and City Recorder.**
  - 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?  
**No.**
12. Do you have a leak adjustment policy? **Yes. (attached)**
  - a. If so, what is the average yearly amount adjusted in gallons, cost to produce (or purchase), and lost revenue? **20,000 gallons @ \$160.00**
  - 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? **No.**

14. Have you already, or do you plan to receive any grants or capital contributions during the current fiscal year? **No.**

208

a. If so, please provide a detailed explanation.

15. Have you applied for grants that will be received over the next two years? **No.**

a. If so, please provide a detailed explanation.

16. Do you produce or purchase your water supply? **Purchase.**

a. If you produce your own water,

i. What is the cost per thousand to produce?

b. If you purchase your water,

i. What is the cost per thousand? **\$4.38939 (attached)**

ii. Do you have a long-term purchase contract in place? **No.**

17. Do you have any wholesale customers? **No.**

a. Do you have written contracts with those customers?

18. What is your current non-revenue water percentage? **20%**

a. Do you have any plans for improving your non-revenue water percentage? **We're trying**

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, public notice.**

20. Has your governing body met the applicable training requirements? **N/A.**

a. Please provide a list of Board Members and their election/appointment dates. **(attached)**

b. Please review the training requirements at [https:// www.comptroller.tn.gov/WWFB/](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: \_\_\_\_\_ -1- Date: \_\_\_\_\_

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

**Water & Wastewater Financing Board  
ATTN: John Greer  
Fourth Floor Cordell H II Building  
425 Fifth Avenue North  
Nashville, Tennessee 372 3  
Phone: (615) 747-5260  
Fax: (615) 741-1551  
utilities@cot.tn.gov**



# 1

**Ordinance No. 2011-1**  
**AN ORDINANCE TO ESTABLISH A WATER RATE INCREASE FOR CUSTOMERS**  
**SERVED BY THE TOWN OF PETERSBURG WATER DEPARTMENT**

**WHEREAS**, current revenues are not meeting current expenditures; and

**WHEREAS**, immediate measures must be taken to increase revenues

**Therefore, Be It Ordained** by the Board of Mayor and Alderman of the Town of Petersburg, Tennessee as follows:

**Section 1.** The water usage rates adopted by Ordinance No. 2005-12 are amended by increasing the rates 20 % as follows:

Inside City first 1000 gallons from \$13.61 to \$ 16.33 and each additional 1000 gallons from \$6.65 to \$ 7.98  
Outside City first 1000 gallons from \$19.95 to \$ 23.94 and each additional 1000 gallons from \$9.97 to \$ 11.96


**Section 2** This ordinance shall become effective upon its final passage, the public welfare requiring it.

Passed on first reading: 1-24-2011

Passed on second reading: 2-14-2011

Passed on second reading: 3-14-2011

  
Mayor James Owen

  
Dawn Forlines, Town Recorder

Ordinance No. 2018-11

AN ORDINANCE TO ESTABLISH A WATER RATE INCREASE FOR CUSTOMERS SERVED BY THE TOWN OF PETERSBURG WATER DEPARTMENT

Be it enacted by the Board of Mayor and Aldermen of the Town of Petersburg, Tennessee,

Whereas, current revenues are not meeting expenditures: and

Whereas, immediate measures must be taken to increase revenues

Therefore, Be it Ordained by the Board of Mayor and Alderman of the Town of Petersburg, Tennessee as follows:

SECTION 1. The water usage rates adopted by Ordinance No. 2018-11 are amended by increasing the rates from \$16.33 to \$21.33:

Inside the City rate increase from \$16.33 to \$21.33 and Outside the City from 23.94 to \$28.94

Section 2. This ordinance shall become effective upon its final passage, the public welfare requiring it.

Passed on first Reading: 10-2-2018

Passed on second reading: 1-8-2019

Passed on third reading: 2-12-2019

Mayor [Signature] Date 2-13-2019

Clerk [Signature] Date 2-13-2019



## Pikeville

Entity Type  
City

County  
Bledsoe

Type  
Water and Sewer

Details	2016	2017	2018
Revenue	\$1,736,707.00	\$1,653,303.00	
Expenses	\$1,841,034.00	\$2,192,407.00	
Operating Revenue	\$(104,327.00)	\$(539,104.00)	
Non-Operating Revenues (Expenses)	\$-	\$(75,519.00)	
Grants, Capital Contributions, Transfers	\$-	\$195,245.00	
GAAP Change in Net Position	\$(104,327.00)	\$(419,378.00)	
Grants, Capital Contributions, Transfers In	\$-	\$195,245.00	
Statutory Change in Net Position (2017 Law)	\$(104,327.00)	\$(614,623.00)	
Statutory Change in Net Position (2018 Law)			
Net Pension and OPEB Asset		\$121,002.00	
Net Pension and OPEB Liability		\$-	



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Case: City of Pikeville**

**Staff Summary:**

On April 17, 2018, the Board voted to order the City 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.

On November 28, 2018, the Board ordered the City to comply with the following:

1. The City shall comply with all the directives of the Board's April 17, 2018 order by January 31, 2019.
2. If the City fails to comply with this order, Board staff shall refer the City to the Attorney General's Office to pursue enforcement proceedings.

The City has since complied with all directives of the above orders.

**Staff Recommendation:**

Order the City to comply with the following:

1. The City shall send financial updates to Board staff by March 1<sup>st</sup> and September 1<sup>st</sup> of each year, starting March 1, 2020, until the Board releases the City from its oversight.

ORDINANCE #11-13-O18

CITY OF PIKEVILLE WATER AND SEWER RATES AND RATE SCHEDULE

WHEREAS, the Board of Mayor and Alderman of Pikeville, Tennessee change, revise, alter or modify the water, sewer rates and structure;

WHEREAS, since the last modification (in 2009) or revision of the water, sewer rates, rate structure there has been a negative change in net position;

WHEREAS, THE Board of Mayor and Alderman desires to increase the water, sewer rate and modify the rate structure set forth in the schedule attached hereto as Exhibit "A";

NOW THEREFORE, BE IT RESOLVED, that the water, sewer rates and modification of the rate structure be and are hereby increased to those rates set forth in Exhibit "A";


BE IT FURTHER RESOLVED, that these revisions or modifications to the water, sewer rate and rate structure supersede any prior revisions or modifications taken by the Board of Alderman.

BE IT FURTHER RESOLVED, that the modified or revised rates and rate schedule will take effect immediately upon its passage by the Board of Mayor and Alderman.

First reading: 11-13-18

Second reading: 11-19-18

Third reading: 12-10-18

  
\_\_\_\_\_  
Philip Cagle, Mayor

  
\_\_\_\_\_  
Debra Barnett, City Recorder

**CITY OF PIKEVILLE WATER AND SEWER CURRENT AND PROPOSED RATES**

Current as of November 2018

Effective Jan 1, 2019

Effective July 1, 2019

**CURRENT WATER RATES**

**PROPOSED WATER RATES**

**PROPOSED WATER RATES**

New Structure- change from 3 steps to 2 steps

15% increase

*Residential & Agric.*  
Inside (per 1,000 gals.)

0 - 2,000 gal.		\$17.76
2,001 - 12,000	@	4.79
12,001 - Over	@	4.48

*Residential & Agric.*  
Inside (per 1,000 gals.)

0 - 2,000 gal.		\$19.00
2,001 - Over	@	5.40

*Residential & Agric.*  
Inside (per 1,000 gals.)

0 - 2,000 gal.		\$21.85
2,001 - Over	@	6.21

*Commercial (business, manuf.)*  
Inside (per 1,000 gals.)

0 - 2,000 gal.		\$20.42
2,001 - 12,000	@	6.07
12,001 - Over	@	5.76

*Commercial (business, manuf.)*  
Inside (per 1,000 gals.)  
120% of Residential Inside

0 - 2,000 gal.		\$22.80
2,001 - Over	@	6.48

*Commercial (business, manuf.)*  
Inside (per 1,000 gals.)

0 - 2,000 gal.		\$26.22
2,001 - Over	@	7.45

*Residential*  
Outside (per 1,000 gals.)

0 - 2,000 gal.		\$17.76
2,001 - 12,000	@	8.61
12,001 - Over	@	5.74

*Residential*  
Outside (per 1,000 gals.)  
130% of Residential Inside

0 - 2,000 gal.		\$24.70
2,001 - Over	@	7.02

*Residential*  
Outside (per 1,000 gals.)

0 - 2,000 gal.		\$28.41
2,001 - Over	@	8.07

*North Bledsoe*  
Outside (per 1,000 gals.)

0 - 2,000 gal.		\$30.00
2,001 - Over	@	7.70

*Residential*  
Outside (per 1,000 gals.)

0 - 2,000 gal.		\$30.00
2,001 - Over	@	7.70

*Residential*  
Outside (per 1,000 gals.)

0 - 2,000 gal.		\$30.00
2,001 - Over	@	7.70

*Contract - TDOC*

0 gals. - Over	@	\$24,375 + \$3.51/1,000 gals.
----------------	---	-------------------------------

*Contract - TDOC*

0 gals. - Over	@	\$24,375 + \$3.51/1,000 gals.
----------------	---	-------------------------------

*Contract - TDOC*

0 gals. - Over	@	\$24,375 + \$3.51/1,000 gals.
----------------	---	-------------------------------

Current as of November 2018

Effective Jan 1, 2019

Effective July 1, 2019

**CURRENT SEWER RATES**

**PROPOSED SEWER RATES**

**PROPOSED SEWER RATES**

New Structure- change from 3 steps to 2 steps

30% increase

*Residential*  
Inside (per 1,000 gals.)

0 - 2,000 gal.		\$17.76
2,001 - 12,000	@	4.79
12,001 - Over	@	4.48

*Residential*  
Inside (per 1,000 gals.)  
105% of Residential Inside Water

0 - 2,000 gal.		\$19.95
2,001 - Over	@	5.67

*Residential*  
Inside (per 1,000 gals.)

0 - 2,000 gal.		\$25.94
2,001 - Over	@	7.37

*Commercial (business, manuf.)*  
Inside (per 1,000 gals.)

0 - 2,000 gal.		\$20.42
2,001 - 12,000	@	6.07
12,001 - Over	@	5.76

*Commercial (business, manuf.)*  
Inside (per 1,000 gals.)  
120% of Residential Outside

0 - 2,000 gal.		\$23.94
2,001 - Over	@	6.80

*Commercial (business, manuf.)*  
Inside (per 1,000 gals.)

0 - 2,000 gal.		\$31.12
2,001 - Over	@	8.85

Outside (per 1,000 gals.)

0 - 2,000 gal.		\$17.76
2,001 - 12,000	@	8.61
12,001 - Over	@	5.74

*Residential*  
Outside (per 1,000 gals.)  
130% of Residential Outside Water

0 - 2,000 gal.		\$25.94
2,001 - Over	@	7.37

*Residential*  
Outside (per 1,000 gals.)

0 - 2,000 gal.		\$33.72
2,001 - Over	@	9.58



# Roane County Public Utility Fund

Entity Type  
County

County  
Roane

Type  
Sewer

Details	2016	2017	2018
Revenue	\$1,084,611.00	\$1,031,537.00	\$1,009,969.00
Expenses	\$931,210.00	\$1,016,496.00	\$991,601.00
Operating Revenue	\$153,401.00	\$15,041.00	\$18,368.00
Non-Operating Revenues (Expenses)	\$(504,635.00)	\$(50,836.00)	\$(98,681.00)
Grants, Capital Contributions, Transfers	\$146,042.00	\$75,324.00	\$-
GAAP Change in Net Position	\$(205,192.00)	\$39,529.00	\$(80,313.00)
Grants, Capital Contributions, Transfers In	\$146,042.00	\$75,324.00	\$-
Statutory Change in Net Position (2017 Law)	\$(351,234.00)	\$(35,795.00)	\$(39,345.00)
Statutory Change in Net Position (2018 Law)			\$(80,313.00)
Net Pension and OPEB Asset		\$19,415.00	\$42,717.00
Net Pension and OPEB Liability		\$-	\$64,270.00



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Case: Roane County Wastewater**

**Staff Summary:**

On November 15, 2018, the Board voted to order the County to comply with 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.

The County complied with the above order. The County voted to implement the recommended rate structure and is projected be in the positive for the next fiscal year.

**Staff Recommendation:**

Order the County to comply with the following:

1. The County shall send financial updates to Board staff by March 1<sup>st</sup> and September 1<sup>st</sup> of each year, starting March 1, 2020, until the Board releases the County from its oversight.





Tennessee Utility Assistance, LLC  
 840 Commercial Court  
 Murfreesboro, TN 37129  
 Voice (615) 896-9022  
 Fax (615) 898-8283

**REPORT FOR ROANE COUNTY PUBLIC UTILITY ON DIRECTIVES  
 OF WATER AND WASTEWATER FINANCE BOARD IN ITS  
 NOVEMBER 28, 2018 ORDER**

June 28, 2019

Introduction

Roane County Public Utility (the County) provides sewer service to approximately 800 customers in Roane County, Tennessee. The County was referred to the Water and Wastewater Finance Board (WWFB) upon the submission of its audit for its fiscal year ending June 30, 2018, because the County's sewer system was financially distressed. The County's sewer fund had a negative change in net position for two consecutive years without regard to any grants or capital contributions for its fiscal years ending June 30, 2017 and June 30, 2018.

On November 28, 2018, the WWFB entered an order directing the County to do the following:

- 1) The County shall bring in assistance from the Tennessee Association of Utility Districts, the County Technical Assistance Service, or another qualified expert to complete a rate study to include a detailed plan to cure the financial distressed status of the County's sewer fund.
- 2) The County shall provide an update to Board staff with the completed rate study and implement a proposed plan of action by April 19, 2019.

Rate Study Update and Financial Update

To determine the revenue requirements needed to fund the ongoing expenses of the County's sewer system, TUA (a subsidiary of Tennessee Association of Utility Districts) projected operations and maintenance expenses, debt service payments and reserve requirements for its fiscal years ending June 30<sup>th</sup> of 2020 and 2021. This projection includes the planned capital expenditures for the sewer system for these fiscal years. See **Exhibit 1**.

After consultation with the County, operation and maintenance expenses were projected using inflationary increases of 3% with the exception of depreciation and interest expenses. Interest expenses were projected based upon the County's debt amortization schedules for its sewer system. Annual depreciation expenses were projected based upon the County's fixed assets schedule and the useful service lives used on this schedule for depreciation and the planned capital expenditures of these two fiscal years. See **Exhibit 2**.

TUA recommended a \$4.00 rate increase at every rate tier for the fiscal year beginning July 1, 2019 which is projected to produce additional annual revenues of \$232,464 for the County's next two fiscal years. **Exhibit 3**. The County's sewer fund should have a positive change in net position

(excluding grants, capital contributions and excluded pension and OPEB non-cash items) for its fiscal years ending June 30, 2020 and June 30, 2021 with the additional revenues from the suggested rate increases. **Exhibit 1.** The projected cash balance of the County's sewer fund for its fiscal years ending June 30th of 2020 and 2021 is set forth in **Exhibit 4.**

The Board approved and voted on this rate increase on June 20, 2019 to be effective July 1, 2019. The signed minutes are attached as **Exhibit 5.**

TUA recommends that the County review its rates in the Spring of 2020 to ensure that the current rates will continue to produce sufficient revenues to give the sewer fund a positive change in net position for its fiscal year ending June 30, 2021 as projected. Budgeted years should always include any upcoming capital improvements for the upcoming fiscal year.

**AN ORDINANCE OF THE ROANE COUNTY BOARD  
OF PUBLIC UTILITIES TO INCREASE RATES FOR  
THE USE OF SEWER FACILITIES AND SERVICES.**

WHEREAS, the Roane County Board of Public Utilities ("RCPU") was established by Roane County in 2005 under the authority of T.C.A. 5-16-101 *et seq.* for the purpose of providing wastewater treatment facilities for the citizens of Roane County, Tennessee; and

WHEREAS, RCPU operates a wastewater treatment system that enables Roane County, Tennessee to comply with the federal Clean Water Act and the state Water Quality Control Act; and

WHEREAS, the wastewater treatment system is designed to protect the public water supply, the collection system, the treatment plant, the receiving streams, and the public health, safety, and welfare of the citizens and residents of Roane County, Tennessee; and

WHEREAS, the Board of RCPU has adopted Wastewater Regulations to serve these governmental purposes;

WHEREAS, state law requires the Board of RCPU to fix charges for sewer services on a basis calculated to ensure the fiscal solvency of the wastewater treatment system at all times; and

WHEREAS, in 2011, the Board established the present rates and charges for residential and commercial/industrial use of the wastewater system and for the services supplied by the wastewater system; and

WHEREAS, the present rate for residential users is a flat rate of \$31.50 per month; and

WHEREAS, the rate for commercial/industrial users is based upon the usage of wastewater treatment services each month;

WHEREAS, by order entered on November 28, 2018, the Tennessee Water and Wastewater Financing Board required RCPU to engage a consultant such as the Tennessee Association of Utility Districts ("TAUD") to perform a rate study for the purpose of determining the increase in rates necessary to cure the financially distressed status of the wastewater system; and

WHEREAS, RCPU engaged TAUD to perform a rate study; and

WHEREAS, at the regular meeting of the Board on May 21, 2019, the Finance and Compliance Director of TAUD presented this rate study and recommended a rate increase of four dollars (\$4.00) for residential and commercial/industrial customers; and

WHEREAS, based upon the assumptions and projections made by TAUD in the rate study, the proposed increase in rates would meet the requirements of the Water and Wastewater Financing Board and would ensure the fiscal solvency of the wastewater treatment system operated by RCPU; and

WHEREAS, the Director of RCPU concurs in this recommendation; and

WHEREAS, the Board considered the proposed rate increase at a specially called meeting of the Board on June 4, and a regular meeting of the Board on June 20, each of which was open to the public and each of which was held pursuant to the Open Meetings Act; and

WHEREAS, the Board has concluded that the recommended rate increase is necessary for the fiscal health of RCPU and Roane County and for the health, safety, and welfare of the customers of RCPU and the citizens of Roane County.

**NOW, THEREFORE, BE IT ORDAINED BY THE ROANE COUNTY BOARD OF PUBLIC UTILITIES THAT:**

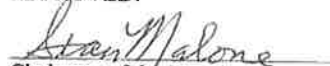
SECTION 1: The rate for residential sewer use is hereby increased by Four Dollars (\$4.00) to Thirty-Five Dollars and Fifty Cents (\$35.50) per month.

SECTION 2: The rate for commercial customers is hereby increased by Four Dollars (\$4.00) per tier per month.

SECTION 3: The rate for industrial customers is hereby increased by Four Dollars (\$4.00) per tier per month.

SECTION 4: This ordinance shall take effect on July 1, 2019, the welfare of the public requiring it.

APPROVED:

  
Chairman of the Board

I attest that the foregoing ordinance was approved by the Roane County Board of Public Utilities on the second and final reading at a meeting of the Board held on June 20, 2019, and that it was submitted to and signed by the Chairman of the Board on June 20, 2019.

  
Secretary of the Board

6/20/2019  
Date



## Rogersville

Entity Type  
Town

County  
Hawkins

Type  
Water and Sewer

Details	2016	2017	2018
Revenue	\$2,772,837.00	\$2,838,927.00	\$2,848,096.00
Expenses	\$2,653,933.00	\$2,854,049.00	\$2,875,360.00
Operating Revenue	\$118,904.00	\$(15,122.00)	\$(27,264.00)
Non-Operating Revenues (Expenses)	\$(160,820.00)	\$(186,445.00)	\$(105,156.00)
Grants, Capital Contributions, Transfers	\$466,516.00	\$-	\$50,000.00
GAAP Change in Net Position	\$424,600.00	\$(201,567.00)	\$(82,420.00)
Grants, Capital Contributions, Transfers In	\$466,516.00	\$-	\$50,000.00
Statutory Change in Net Position (2017 Law)	\$(41,916.00)	\$(201,567.00)	\$(132,420.00)
Statutory Change in Net Position (2018 Law)			\$(132,420.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$-	\$-



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

## **Case: Town of Rogersville**

### **Staff Summary:**

On September 13, 2018, the Town was referred to the Board for financial distress. The Town submitted its questionnaire on May 21, 2018.

In fiscal year 2018, the Town reported a loss of \$201,567. The Town suffered from suspected theft of \$69,444. Without the theft, there would still be a substantial loss however. The Town reported that it passed a rate increase, but Board Staff is unable to determine if this rate increase will bring the Town into compliance.

### **Staff Recommendation**

Order the Town to comply with the following:

1. The Town shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
  - a. a justification for the discrepancy between inside the town rates and outside the town rates, or a new recommended rate structure if no justification is possible;
  - b. a justification for dropping Persia Utility District's rate per 1,000 gallons from \$5.61 to \$1.61 and recommending an appropriate rate;
  - c. a justification for the discrepancy between sewer rates and water rates;
  - d. a review of the new customer agreement, including any recommended modifications;
  - e. a review of the capitalization policy, including any recommended modifications; and
  - f. a review of the leak adjustment policy including any recommended modifications.
2. By October 31, 2019, the Town shall send Board Staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

3. By December 31, 2019, the Town shall send Board staff proof that all members of the utility system's governing body have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
4. By February 28, 2020, the Town shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation
5. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Town.

# TOWN OF ROGERSVILLE

CITY COUNCIL  
 MARK DeWITTE  
 ELOISE EDWARDS  
 BRIAN HARTNESS  
 BILL HENDERSON  
 CRAIG KIRKPATRICK  
 SONDA PRICE

P.O. Box 788  
 106 East Kyle Street  
 Rogersville, Tennessee 37857  
 (423) 272-7497  
 Fax: (423) 272-9451

WATER COMMISSION  
 EDWIN PACE, CHAIRMAN  
 JACKIE CHARLES  
 MARK DeWITTE  
 ELOISE EDWARDS  
 CRAIG KIRKPATRICK  
 BILL SHARP

May 21, 2019

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

RE: WWFB Financial Questionnaire

Dear Mr. Greer:

In regards to your letter dated February 15, 2019, to the Town of Rogersville Water Department. Please find attached the answers and documentation you requested concerning the financial questionnaire.

I was appointed to the position of City Recorder for the Town of Rogersville in October of 2016, my background before this appointment was within the financial and banking industry for approximately 25 years. Since my appointment the Water Department has experienced a number of major changes. In July 2017 the Tennessee Comptroller of the Treasury opened an investigation into allegations of malfeasance related to the Town of Rogersville Water Department. Subsequently most all of the financial functions of the Water Dept. have been coordinated through the City Recorder's office. A rate increase was implemented in September 2018 and the Water Commission was abolished as of August 31, 2018, and is now governed by the Rogersville Board of Mayor and Aldermen.

The Town of Rogersville's management understands how serious it is to have a distressed Water Department. With the changes listed above and others to follow as we work through the process, along with the progress we have seen since 2017 we believe our situation will be resolved.

If you have any questions or need further information please feel free to call this office at (423) 272-7497.

Sincerely,



Glenn D. Hutchens, Jr.  
 City Recorder



**TOWN OF ROGERSVILLE**  
**Water & Sewer Rates**  
**Per 1,000 Gallons**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>WATER RATES</b>						
<b>INSIDE TOWN RATES</b>						
First 1,000 Gallons	\$ 13.59	\$ 13.07	\$ 13.07	\$ 13.07	\$ 12.45	\$ 11.53
Next 4,000 Gallons	\$ 6.32	\$ 6.08	\$ 6.08	\$ 6.08	\$ 5.79	\$ 5.36
Next 5,000 Gallons	\$ 5.49	\$ 5.28	\$ 5.28	\$ 5.28	\$ 5.03	\$ 4.66
Next 10,000 Gallons	\$ 4.96	\$ 4.77	\$ 4.77	\$ 4.77	\$ 4.54	\$ 4.20
Over 20,000 Gallons	\$ 4.14	\$ 3.98	\$ 3.98	\$ 3.98	\$ 3.79	\$ 3.51
<b>WATER RATES</b>						
<b>OUTSIDE TOWN RATES</b>						
First 1,000 Gallons	\$ 22.70	\$ 21.83	\$ 21.83	\$ 21.83	\$ 20.79	\$ 19.25
Next 4,000 Gallons	\$ 10.33	\$ 9.93	\$ 9.93	\$ 9.93	\$ 9.46	\$ 8.76
Next 5,000 Gallons	\$ 8.94	\$ 8.60	\$ 8.60	\$ 8.60	\$ 8.19	\$ 7.58
Next 10,000 Gallons	\$ 7.98	\$ 7.67	\$ 7.67	\$ 7.67	\$ 7.30	\$ 6.76
Over 20,000 Gallons	\$ 6.54	\$ 6.29	\$ 6.29	\$ 6.29	\$ 5.99	\$ 5.55
<b>SEWER RATES</b>						
<b>INSIDE TOWN RATES</b>						
First 1,000 Gallons	\$ 8.45	\$ 5.12	\$ 3.19	\$ 4.88	\$ 4.88	\$ 4.07
Next 4,000 Gallons	\$ 5.26	\$ 3.19	\$ 3.19	\$ 3.04	\$ 3.04	\$ 2.53
Next 5,000 Gallons	\$ 5.26	\$ 3.19	\$ 3.19	\$ 3.04	\$ 3.04	\$ 2.53
Next 10,000 Gallons	\$ 5.26	\$ 3.19	\$ 3.19	\$ 3.04	\$ 3.04	\$ 2.53
Over 20,000 Gallons	\$ 5.26	\$ 3.19	\$ 3.19	\$ 3.04	\$ 3.04	\$ 2.53
<b>SEWER RATES</b>						
<b>OUTSIDE TOWN RATES</b>						
First 1,000 Gallons	\$ 8.45	\$ 7.80	\$ 7.80	\$ 7.80	\$ 7.43	\$ 6.19
Next 4,000 Gallons	\$ 5.26	\$ 3.73	\$ 3.73	\$ 3.73	\$ 3.55	\$ 2.96
Next 5,000 Gallons	\$ 5.26	\$ 3.73	\$ 3.73	\$ 3.73	\$ 3.55	\$ 2.96
Next 10,000 Gallons	\$ 5.26	\$ 3.73	\$ 3.73	\$ 3.73	\$ 3.55	\$ 2.96
Over 20,000 Gallons	\$ 5.26	\$ 3.73	\$ 3.73	\$ 3.73	\$ 3.55	\$ 2.96
<b>PERSIA UTILITY DISTRICT</b>						
<b>WATER</b>						
First 500,000 Gallons	\$ 5.61					
Over 500,000 Gallons	\$ 1.61					
First 1,000,000 Gallons		\$ 5.39	\$ 5.39	\$ 5.39	\$ 5.13	\$ 4.75
Over 1,000,000 Gallons		\$ 6.42	\$ 6.42	\$ 6.42	\$ 6.11	\$ 5.66
<b>OTHER UTILITIES-WATER</b>						
Per 1,000 Gallons	\$ 5.61	\$ 5.39	\$ 5.39	\$ 5.39	\$ 5.13	\$ 4.75

## Town of Rogersville, Tennessee

### Summary of Information for Wastewater Financing Board

Background Information-The Town of Rogersville, Tennessee operates a water and sewer fund under the name of the Rogersville Water Commission. In May 2018 an ordinance was introduced to abolish the Rogersville Water Commission which passed the investing powers of the Commission to the Board of Mayor and Alderman. As a result, the Water Commission members now consist of the Board of Mayor and Aldermen of the Town. In addition, the former Water Superintendent was terminated after June 30, 2017, and the Commission had an acting Water Superintendent for most of the 2018 fiscal year and through most of the current fiscal year. All disbursements are now approved by the Town's City Recorder and the payroll system is now being handled by the Town's staff. The 2018 audit report has not been completed; however, the Water Commission will incur a loss for the fiscal year.

#### **Question #1 Plan**

With this in mind and with a new General Obligation Bond which was issued in October 2018 for the purpose of much needed water and sewer system improvements, both water and sewer rates were increased in the budget for the 2018-2019 year. Water rates increased 4% while sewer rates increased 65%. The increase was approved for the budget year and the rates were implemented in September 2018. In addition, the Water Commission had factored in the estimated bond information on the new issue when the budget was prepared since the final issue did not take place until October.

Based on the budget information as set forth in Exhibit #1, the projected increase in net position is \$60,287 assuming the same volume of water sales and sewer is based on water consumption.

#### **Question #2 Rates & Fees**

The Rogersville Water Commission which is now the Board of Mayor and Alderman set rates and fees being charged and no other Board or Committee has separate authority. Prior to the abolishment of the Rogersville Water Commission, they proposed the rate structure; however, final passage was made by the Rogersville Board of Mayor & Aldermen. (See Exhibit#2.)

#### **Question #3 Customer Base**

Presently, the Town has 4,180 metered customers, 0 non-metered customers and the breakdown for the customer base is 3,815 residential customers and 365 commercial customers.

**Question # 4 Percentage Of Sales 10 largest customers**

The information is provided in Exhibit #3 and these customers represent approximately 10% of the volume and revenue.

**Question # 5 Plans For A Rate Increase**

The Board passed rate increases in July 2018.

**Question # 6 Justification For Rates**

The Town believes based on budgeted projections for 2018-2019 the rate structure will provide a small positive change in financial position.

**Question # 7- Written Policies For Rates and Fees**

The applicable leak adjustment policy is attached as Exhibit #4. The rates and fees are set in the annual budget and these are reviewed in the budget process on an annual basis.

**Question # 8 Making Customers Aware Of The Rates & Fees**

When a rate change is passed by an ordinance, a copy of the adopted ordinance is published in the local newspaper and when there is a rate increase this is published; however, rates are not always increased each year.

**Question # 9 Capital Asset Plan Budget**

Yes, the Water Commission has a forecast for 10 years.

**Question # 10 Review Of Capital Asset List**

Yes, this is reviewed by the accounting department as purchases are made on a continuing basis and by our internal consultant on an annual basis.

**Question # 11 Environmental Issues**

At the present time the Water Commission does have some issues with surface water infiltrating at the sewer plant which is being addressed with cured-in-place piping. New screens are being installed with grant money approved in 2018 at the sewer plant, and a portion of the new bond issue is being used for upgrades to the sewer plant.

**Question # 12 Leak Adjustment Policy**

The Water Commission does have a leak adjustment policy which is attached under Exhibit #4. The average yearly amount adjusted in gallons cost to produce and lost revenue is as follows:

Average amount adjusted in gallons-67,951 and cost to produce is \$0.86 per 1,000 gallons and anticipated lost revenue is \$10,453.

#### **Question # 13 New Debt**

In October 2018, the Town of Rogersville issued general obligation bonds in the amount of \$1,995,000 which are water and sewer supported. When the original budget was prepared, this was based on \$2,000,000 and estimates provided by our financial advisors on the bond issue for debt service at that time. The Town had projected on a \$2,000,000 issue, the bond would have interest in total over the term totaling \$998,521 while the actual bond when issued is \$876,658 in interest over the term of the issue. The funds are being used for water and sewer plant improvements and new equipment. As of May 17, 2019, approximately \$330,645 of the net proceeds from the bond issue has been spent on improvements and equipment.

#### **Question # 14 Grants or Capital Contributions**

The Town via the Rogersville Water Commission was awarded a \$357,600 CDBG grant during the current fiscal year for improvements to the screens at the wastewater treatment plant. The grant period is from 11/1/2018 through 10/31/2021 and is administered by the First Tennessee Development District. As of the present the Water Commission has not received any funds from the grantor nor has it incurred any capital improvements.

#### **Question # 15 Applied For Grants Over The Next Two Years**

Yes, see question #14 above. As of this date no other grants have been applied for.

#### **Question # 16 Produce Or Purchase Water Supply**

The Water Commission produces its water at a cost of \$0.86 per thousand gallons.

#### **Question # 17 Wholesale Customers**

Yes, the Water Commission has Lakeview Utility and Persia Utility and there are written contracts on file.

#### **Question # 18- Current Non-Revenue Water Percentage**

As of our 2017 audit our non-revenue water percentage was 35.7%

#### **Question # 19 Governing Board Meetings & Notices**

The Rogersville Water Commission governed by the Board of Mayor & Aldermen have regular meeting on the second Tuesday of each month at 6:30 p.m. and special called

meetings can be held as needed. Meeting notices are published in our local newspaper and special called meeting are posted in public places, such as the library, courthouse, city hall, and the water department office.

### **Question # 20 Governing Board Training Requirements**

Yes, the Water Commission members and the Board of Mayor and Aldermen had 12 hours of training in 3 different sessions in January 2018. The training was provided by Dwight Stapleton of Communities Unlimited/Rural Communities Assistance Partnership. The Water Commissioners attending were as follows:

Edwin Pace-Chairman  
Jackie Charles  
William Sharp

#### Mayor & Alderman Attending

Jim Sell, Mayor  
Brian Hartness, Vice-Mayor  
Sonda Price, Craig Kirkpatrick, Eloise Edwards, Bill Henderson and Mark Dewitte-  
Aldermen

#### Others Attending

William Pearson-Acting Water Supt.  
Glenn D. Hutchens, Jr.-City Recorder

The Board of Mayor and Aldermen took office July 1, 2017, with their terms expiring June 30, 2021.

The Water Commission was abolished as of August 31, 2018, and the Board of Mayor and Aldermen took over duties of the Water Commission on September 1, 2018.



## Sharon

Entity Type  
Town

County  
Weakley

Type  
Water and Sewer

Details	2016	2017	2018
Revenue	\$219,272.00	\$216,700.00	\$222,174.00
Expenses	\$209,438.00	\$210,476.00	\$236,315.00
Operating Revenue	\$9,834.00	\$6,224.00	\$(14,141.00)
Non-Operating Revenues (Expenses)	\$330.00	\$379.00	\$445.00
Grants, Capital Contributions, Transfers	\$(14,527.00)	\$(13,665.00)	\$(13,168.00)
GAAP Change in Net Position	\$(4,363.00)	\$(7,062.00)	\$(26,864.00)
Grants, Capital Contributions, Transfers In	\$-	\$-	\$-
Statutory Change in Net Position (2017 Law)	\$(4,363.00)	\$(7,062.00)	\$(26,864.00)
Statutory Change in Net Position (2018 Law)			\$(26,864.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$-	\$-



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

## **Case: Town of Sharon**

### **Staff Summary:**

The Town was referred on February 4, 2017 for financial distress. On July 31, 2017, the Town informed Staff that it had conducted a rate analysis, which would correct the Town's financial issues. The Town has provided updates to Staff, but as of the Town's 2018 audit, its situation has not improved.

In the 2017 financial questionnaire, the Town indicated that it provided water for \$7.99 per thousand gallons. The rate structure on the following page shows a variable rate of anywhere from \$2.55 per thousand gallons to \$1.74 per thousand gallons.

Board Staff does not believe the Town has the expertise or neutrality to self-review the rates and accordingly impose a justifiable rate structure.

### **Staff Recommendation:**

Order the Town to comply with the following:

1. The Town shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
  - i. a review of the capitalization policy including any recommended modifications;
  - ii. creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs; and
  - iii. a review of the leak adjustment policy including any recommended modifications.
2. By October 31, 2019, the Town shall send Board Staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
3. By February 28, 2020, the Town shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
4. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Town.

**TOWN OF SHARON, TENNESSEE**  
**SCHEDULE OF UTILITY RATES AND CUSTOMERS**  
 June 30, 2018

<b><u>Water Rates</u></b>	<b>Residential</b>
Minimum charge	\$10.08
Additional charges:	
Over 1,000 gallons	\$2.55 per thousand
Over 11,000 gallons	\$1.74 per thousand
<b><u>Sewer Rates</u></b>	<b>Residential</b>
Minimum charge	\$17.98
Additional charges:	
Over 2,000 gallons	\$1.74 per thousand
<b><u>Solid Waste Rates</u></b>	<b>Residential</b>
Monthly Charge	\$14.00
	<b>Commercial</b>
Monthly Charge	\$31.42
Fees based on size of dumpsters and number of disposals	

**Number of Customers**

At June 30, 2018, there were 527 water customers, 483 sewer customers, and 484 solid waste customers.





## Sneedville

Entity Type  
Town

County  
Hancock

Type  
Sewer

Details	2016	2017	2018
Revenue	\$220,414.00	\$232,578.00	\$227,056.00
Expenses	\$273,943.00	\$244,317.00	\$309,746.00
Operating Revenue	\$(53,529.00)	\$(11,739.00)	\$(82,690.00)
Non-Operating Revenues (Expenses)	\$(24,004.00)	\$(21,987.00)	\$(19,885.00)
Grants, Capital Contributions, Transfers	\$837,308.00	\$125,395.00	\$20,947.00
GAAP Change in Net Position	\$759,775.00	\$91,669.00	\$(81,628.00)
Grants, Capital Contributions, Transfers In	\$837,308.00	\$125,395.00	\$20,947.00
Statutory Change in Net Position (2017 Law)	\$(77,533.00)	\$(33,726.00)	\$(102,575.00)
Statutory Change in Net Position (2018 Law)			\$(102,575.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$-	\$-



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Case: Town of Sneedville**

**Staff Summary:**

On November 28, 2018, the Board ordered the following.

1. The Town shall have MTAS, TAUD, 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 to 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; and
  - 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.

The Town has complied with the above order.

**Staff Recommendation:**

Order the Town to comply with the following:

1. The Town shall send financial updates to Board staff by March 1<sup>st</sup> and September 1<sup>st</sup> of each year, starting March 1, 2020, until the Board releases the Town from its oversight.



Tennessee Utility Assistance, LLC  
840 Commercial Court  
Murfreesboro, TN 37129  
Voice (615) 896-9022  
Fax (615) 898-8283

**REPORT FOR CITY OF SNEEDVILLE, TENNESSEE ON DIRECTIVES  
OF WATER AND WASTEWATER FINANCING BOARD IN ITS  
NOVEMBER 28, 2018 ORDER**

May 22, 2019

**Introduction**

The City of Sneedville, Tennessee (“the City”) provides sewer service to approximately 475 customers in Sneedville, Tennessee. The City was referred to the Water and Wastewater Financing Board (WWFB) upon the submission of its audit for its fiscal year ending June 30, 2017, because it met the statutory definition for a financially distressed City sewer system. The system had a negative change in net position for two consecutive years without regard to any grants or capital contributions for its fiscal years ending June 30, 2016 and June 30, 2017.

On November 28, 2018, the WWFB entered an order directing the City to do the following:

- 1) The City shall have the Tennessee Association of Utility District or another qualified expert:
  - a. Perform a rate study;
  - b. Create a new customer contract;
  - c. Create a five-year capital asset plan with the assistance of the City;
  - d. Create a utility rate and fee policy to include procedures for notifying customers of rate or fee changes;
  - e. Create a leak adjustment policy applying to sewer only.
- 2) The City shall provide an update on paragraph one of this order, including the rate study and any recommendations made by the qualified expert, to WWFB Board staff by April 19, 2019.
- 3) After receipt of the rate study and recommendations, Board staff shall hold a public hearing within the service area of the City pursuant to (Tenn. Code Ann. 68-221-1009).

### Rate Study

Prior to the City coming under the jurisdiction of the WWFB, the City implemented a 17.3% rate increase for **residential only** billing effective July 1, 2018. The rate increase raised the minimum bill from \$8.66 to \$10.48 with 1,000 gallons included and increased the rate for gallons over 1,000 from \$7.22 to \$8.73 per 1,000 gallons. The rates for commercial and industrial remained the same.

To determine the City's revenue requirements needed to fund the its ongoing expenses, TUA projected the City's operations and maintenance expenses, debt service payments, the next five-years capital expenditures and reserve requirements for its fiscal years ending June 30<sup>th</sup> of 2019 – 2024 as shown in **Exhibit 1**.

TUA recommends increasing all rates for all tiers by an additional \$1.50 effective July 1, 2019. We estimate this will increase revenue by an additional \$53,000 for the fiscal year ending June 30, 2020. The Board voted and accepted this recommendation as shown on **Exhibit 2**.

In addition, TUA recommends increasing all rates for all tiers by an additional \$1.00 effective July 1, 2020. We estimate this will increase revenue by an additional \$36,000 for the fiscal year ending June 30, 2021, 2022, 2023 and 2024. This will cover the projected increased expenditures, debt service and depreciation. The City should have a positive change in net position (excluding grants, capital contributions and excluded pension and OPEB non-cash items) for its fiscal years ending June 30, 2020, June 30, 2021, June 30, 2022, June 30, 2023 and June 30, 2024. These rate increase calculations are shown on **Exhibit 2**.

Sewer sales projections were made based upon the rates effective July 1, 2018. Since 2014 the City has experienced -.09% annual customer growth. Therefore, the sewer sales projections do not include any revenue increases based upon this historic annual customer growth.

After consultation with the City, operation and maintenance expenses were projected using inflationary increases of 3% with the exception of depreciation and interest expenses. Interest expenses were projected based upon the City's current debt amortization schedules. When new debt is acquired, these amortization schedules will change. Annual depreciation expenses were projected based upon the City's fixed assets schedule and the useful service lives used on this schedule for depreciation and the increased depreciation based upon the new items. Please see **Exhibit 1**.

### Create a New Customer Contract

TUA assisted the City in creating a new customer contract. This was reviewed with the Board of Aldermen and voted on and accepted. A copy of this contact is attached as **Exhibit 3**.

### Five Year Capital Asset Plan

TUA worked with the City to prepare a five-year capital asset plan by undertaking the following four tasks:

- (1) TUA reviewed the City's current fixed asset list with the Board of Aldermen, City Recorder and Operator to confirm that all fixed assets were in use.

- (2) As part of review, the City's Board of Aldermen discussed revising the current fixed asset listing to remove items under \$2,500 (limit as shown in the footnotes of the annual audit). We also discussed improving descriptions of assets, moving forward, the City understands the need to better track current and future assets. In further discussion, we provided a description of how depreciation, placement and removal of assets works.
- (3) TUA reviewed the City's current capitalization policy and recommended changes to the policy after consultation with the City. This assessment included a review of the current useful lives being used by the City for the depreciation of its capital assets.
- (4) TUA discussed the capital improvements the City desires to make to its sewer system in the next five years and the purchase of other capital assets the City desires to make over the next five years.
- (5) TUA developed a five-year financial plan for the City to project the City's cash needs based upon its projected revenues and expenses, debt payments and rate funded capital improvements included in its five-year capital asset plan.

#### Review of Current Fixed Assets Schedule

After reviewing the City's current fixed asset schedule with the City Recorder and Operator and Mark Butler with TUA concluded that all capital assets on the schedule, which were not fully depreciated, were still in service.

#### Five-Year Capital Asset Plan

Mr. Butler met with the City Recorder and Operator, to discuss potential capital improvements the City wanted to make to its sewer system and office over the next five years. They discussed potential capital purchases in which the City needs to make over the next five years for the operation of its sewer system. They discussed the options for financing these capital expenditures over the next five years. The capital expenditure the City plans to make in the next five years is the replacement of sewer lines and sanitary sewer manholes, various pumps, modules and clarifiers for the aeration tanks. The City intends to purchase and install these items with existing cash reserves, a Rural Development loan and grant, a CDBG grant and a capital outlay note. These purchases are contingent on receiving these loans and grants.

Based upon these discussions, the City voted and adopted the Five-Year Capital Asset Plan attached to this Report as **Exhibit 4**.

#### Create a Utility Rate and Fee Policy to Include Procedures for Notifying Customers of Rate or Fee Changes

This was discussed with the Board of Aldermen. The City worked with TUA and developed a policy. The Board voted and accepted this policy.

#### Create a Leak Adjustment Policy Applying to Sewer Only

TUA discussed with the Board of Aldermen how this policy needs to be in align with the Sneedville Utility District's process and how the City needs to cover their cost and limit adjustments. **Exhibit 5** is the sewer bill adjustment policy and request form. The Board voted and accepted this policy.

TUA recommends that the City review its rates annually as a part of the budgetary process beginning in the Spring of 2020 to ensure that the current rates will continue to produce sufficient revenues to give it a positive change in net position for future fiscal years.

#### Create a Utility Rate and Fee Policy to Include Procedures for Notifying Customers of Rate or Fee Changes

This was discussed with the Board of Aldermen. The City worked with TUA and developed a policy. The Board voted and accepted this policy shown in **Exhibit 6**.



## South Fulton

Entity Type  
City

County  
Obion

Type  
Water and Sewer

Details	2016	2017	2018
Revenue	\$1,232,082.00	\$1,302,004.00	
Expenses	\$1,315,211.00	\$1,273,100.00	
Operating Revenue	\$(83,129.00)	\$28,904.00	
Non-Operating Revenues (Expenses)	\$(68,519.00)	\$(66,301.00)	
Grants, Capital Contributions, Transfers	\$-	\$-	
GAAP Change in Net Position	\$(151,648.00)	\$(37,397.00)	
Grants, Capital Contributions, Transfers In	\$-	\$-	
Statutory Change in Net Position (2017 Law)	\$(151,648.00)	\$(37,397.00)	
Statutory Change in Net Position (2018 Law)			
Net Pension and OPEB Asset		\$105,034.00	
Net Pension and OPEB Liability		\$-	



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Case: City of South Fulton**

**Staff Summary:**

On April 2, 2019, the Board ordered the City to comply with the following:

1. The City shall have the Municipal Technical Advisory Service, Tennessee Association of Utility Districts or another qualified expert, as approved by Board staff, perform a rate study and assist with creating a 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 June 30, 2019.

The City experienced a change in management since the Board's last meeting. According to the new city manager, Johnny Bacon, the previous city manager had not provided him the Board's order during the change in leadership.

**Staff Recommendation:**

Order the City to comply with the following:

1. The City shall comply with all directives in the Board's April 2, 2019 order.
2. By October 31, 2019, the City shall send Board Staff a copy of the contract between the City and the qualified expert who is to perform the tasks in the Board's April 2, 2019 order.
3. By February 28, 2020, the City shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
4. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the City.





## Spring City

Entity Type  
Town

County  
Rhea

Type  
Water and Sewer

Details	2016	2017	2018
Revenue	\$1,396,054.00	\$1,421,623.00	\$1,434,880.00
Expenses	\$1,309,346.00	\$1,351,775.00	\$1,205,212.00
Operating Revenue	\$86,708.00	\$69,848.00	\$229,668.00
Non-Operating Revenues (Expenses)	\$(171,959.00)	\$(167,944.00)	\$(163,562.00)
Grants, Capital Contributions, Transfers	\$351,484.00	\$-	\$-
GAAP Change in Net Position	\$266,233.00	\$(98,096.00)	\$66,106.00
Grants, Capital Contributions, Transfers In	\$351,484.00	\$-	\$-
Statutory Change in Net Position (2017 Law)	\$(85,251.00)	\$(98,096.00)	\$20,248.00
Statutory Change in Net Position (2018 Law)			\$66,106.00
Net Pension and OPEB Asset		\$-	\$15,925.00
Net Pension and OPEB Liability		\$29,933.00	\$-



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

## **Case: Town of Spring City**

### **Staff Summary:**

On April 2, 2019, the Board ordered the Town to comply with the following:

1. The Town shall have the Municipal Technical Advisory Service, the TAUD, or another qualified expert as approved Board staff perform a rate study to include:
  - a. Recommendations to remedy the Town's financially distressed position; and
  - b. A justification for disparity in rates between customers inside and outside the Town.
2. The Town shall provide an update to Board staff with the completed rate study and an implemented or proposed plan of action by June 30, 2019.

The Town has complied with the order. MTAS completed a rate study. However, the Town did not clarify if action was taken by the Town or what the justification for the inside/outside rates were.

The Town implemented the MTAS rate recommendations incorrectly. The rate for SSM Industries was supposed to be \$4.35 per 1,000 gallons and was put in the ordinance at \$9.90. MTAS did not complete a cost of service study which staff believes is necessary.

### **Staff Recommendation:**

Order the Town to comply with the following:

1. The Town shall hire the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, to complete a cost of service study to include:
  - a. a review of all rate classes and recommendations for appropriate rates, including a justification for multiple rate classes or recommendations for a simplified rate structure, and a justification for the discrepancy between rates for customers outside the Town's boundaries as opposed to inside or recommendations for one rate structure;
  - b. a review of all tap fees including any recommended modifications; and
  - c. a review of all service fees and connection fees including any recommended modifications.
2. By October 31, 2019, the Town shall send Board Staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

3. By February 28, 2020, the Town shall provide Board staff with the completed cost of service study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
4. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Town.

## ORDINANCE NO. 2019-04

AN ORDINANCE OF THE TOWN OF SPRING CITY, TENNESSEE  
AMENDING THE TOWN'S RATE SCHEDULE FOR UTILITY  
SERVICES

WHEREAS, the Town of Spring City (the "Town") is authorized by state law and the Town of Spring City Code (the "Town Code") to operate and maintain a water and wastewater system and to provide other basic utility services such as garbage removal; and

WHEREAS, the Town is also authorized by state law and section 18-125 of the Town Code to furnish water and sewer service under such rate schedules as the Town may from time to time adopt by appropriate ordinance or resolution; and

WHEREAS, because of operating cost increases associated with the provision of such utility services, the Board of Commissioners for the Town of Spring City believe it is in the best interests of the Town and its residents to increase certain of its rates for utility services provided by the Town;

NOW, THEREFORE BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE TOWN OF SPRING CITY, TENNESSEE, THAT:

Section 1: That this Ordinance shall allow the town to increase the Water and Sewer rates according to the attached schedule and shall take effect on July 1, 2019.

Section 2: That if any section, subsection, sentence, clause or phrase of this Ordinance, or any particular rate set forth in the schedule or rates and charges referenced herein is, for any reason, held to be unconstitutional, illegal or invalid, such decision shall not affect the validity of the remaining portions of this Ordinance.

Section 3: That this Ordinance and the rules, regulations, provisions, requirements, orders and matters established and adopted hereby shall take effect and be in full force and effect on July 1, 2019 or if later, fifteen (15) days after passage of this Ordinance on second reading, and shall apply to all meter readings read or services rendered after said effective date.

First Reading

June 6<sup>th</sup> 2019

Second Reading

June 27<sup>th</sup>, 2019

Billy Ray Patton  
Billy Ray Patton, Mayor

Brenda Dodson  
Brenda Dodson, City Recorder

**ORDINANCE 2019-04 EXHIBIT A  
TOWN OF SPRING CITY SCHEDULE OF UTILITY RATES AND CHARGES**

<b>WATER RATES INSIDE THE CITY (RESIDENTIAL) 3/4" WATER METER</b>		
First 2,000 Gallons (Minimum Bill)	\$	25.09
All over 2,000 gallons (Cost per 1,000 Gallons)	\$	9.90

<b>1" TO 2" WATER METER (COMMERCIAL)</b>		
First 2,000 Gallons (Minimum Bill)	\$	37.64
All over 2,000 gallons (Cost per 1,000 Gallons)	\$	9.90

<b>3" AND ABOVE WATER METER (COMMERCIAL)</b>		
First 2,000 Gallons (Minimum Bill)	\$	50.18
All over 2,000 gallons (Cost per 1,000 Gallons)	\$	9.90

<b>WATER RATES OUTSIDE THE CITY (RESIDENTIAL) 3/4" WATER METER</b>		
First 2,000 Gallons (Minimum Bill)	\$	32.62
All over 2,000 gallons (Cost per 1,000 Gallons)	\$	12.87

<b>SPRINKLER WATER RATES</b>		
<b>INSIDE &amp; OUTSIDE CITY/RESIDENTIAL/COMMERCIAL</b>		
First 2,000 Gallons (Minimum Bill)	\$	50.18
All over 2,000 gallons (Cost per 1,000 Gallons)	\$	9.90
Cost per Sprinkler Head	\$	0.45

<b>WATER RATE FOR WATERING &amp; IRRIGATION</b>		
<b>NO SEWER USE, NOT CONNECTED TO STRUCTURES OR INTERIOR USE</b>		
First 2,000 Gallons (Minimum Bill)	\$	25.09
All over 2,000 gallons (Cost per 1,000 Gallons)	\$	9.90

<b>WATER RATE FOR MUTUAL AID WITH NEIGHBORING UTILITY DISTRICTS</b>		
Cost per 1,000 Gallons	\$	2.30
Cost per 1,000 Gallons over 4.5 million gallons sold	\$	2.81

<b>TVA CONTRACT RATE</b>		
First 10,000 Gallons	\$	94.10
Per 1,000 Gallons Over	\$	6.08

**NO RATE FOR GRAVITY SEWER OUTSIDE THE CITY NOT AVAILABLE AT THIS TIME**

**MINIMUM CHARGE TO SEWER CUSTOMERS WHERE SEWER IS AVAILABLE BUT NOT CONNECTED**

**THE SAME COST AS THE GRAVITY SEWER RATE FOR INSIDE THE CITY RESIDENTIAL CUSTOMERS (Min Bill \$25.00)**

<b>GRAVITY SEWER RATES INSIDE THE CITY (RESIDENTIAL)</b>		
First 3,000 Gallons (Minimum Bill)	\$	31.36
All Over 3,000 Gallons (Cost per 1,000 Gallons)	\$	10.89

<b>GRAVITY METERED SEWER RATE (COMMERCIAL) *NO WATER USE JUST METERED SEWER</b>		
First 2,000 Gallons (Minimum Bill)	\$	37.64
Cost per 1,000 Gallons using from 2,000 gallons to 500,000 gallons	\$	9.90
Cost per 1,000 Gallons for all metered sewer over 500,001 gallons	\$	9.90

<b>FORCE MAIN SEWER RATE (INSIDE CITY)</b>		
First 3,000 Gallons (Minimum Bill)	\$	31.36
All over 3,000 gallons (Cost per 1,000 Gallons)	\$	10.89

<b>FORCE MAIN SEWER RATE (OUTSIDE CITY)</b>		
First 3,000 Gallons (Minimum Bill)	\$	40.77
All over 3,000 gallons (Cost per 1,000 Gallons)	\$	14.16

<b>FORCE MAIN SEWER RATE (COMMERCIAL - INSIDE CITY)</b>		
First 10,000 Gallons (Minimum Bill)	\$	47.05
Each 1,000 Gallons over minimum (Cost per 1,000 gallons)	\$	10.89

<b>FORCE MAIN SEWER RATE (COMMERCIAL - OUTSIDE CITY)</b>		
First 10,000 Gallons (Minimum Bill)	\$	94.10
Each 1,000 Gallons over minimum (Cost per 1,000 gallons)	\$	6.08

Non-Refundable Service Charge/Re-Connection Fee (After non-payment turn-off)	\$	50.00
After Hours Non-refundable Service Charge/Re-Connection	\$	75.00
Service Charge, Water Off/On for Leak on Customers Side of the Meter	\$	20.00
After Hours Service Charge, Water Off/On for Leak on Customers Side of the Meter	\$	30.00
Tampering fee (Damaged lock; Damaged Shutoff Valve; Damaged Meter; Damaged Firefly)	\$	100.00
Non-Refundable Connection Fee Service: HOME OWNER	\$	50.00
Non-Refundable Connection Fee Service: RENTALS	\$	100.00

<b>TAP FEES</b>	
SEWER TAP (GRAVITY)	\$ 750.00
FORCEMAIN SEWER TAP	\$ 1,000.00

Residential Inside city (plus the cost of materials)	\$ 1,000.00
Residential Outside city (plus the cost of materials)	\$ 3,500.00

Commercial Inside city (plus the cost of materials)	\$ 3,000.00
Commercial Outside city (plus the cost of materials)	\$ 5,000.00

<b>WATER TAPS</b>	
3/4 Inch Water Tap/Water & Irrigation tap	\$ 600.00
1 Inch Water Tap	\$ 900.00
2 Inch Water Tap	\$ 2,400.00
Greater than 2 inch water tap (plus cost of materials)	\$ 2,400.00

<b>SANITATION RATES</b>	
Residential Rate (Inside City)	\$ 12.60
Commercial Rate (Inside City)	\$ 37.20
Each Additional Garbage Pick-up	\$ 12.00
Residential Rate (Outside City)	\$ 18.00
Commercial Rate (Outside City)	\$ 48.00



## Spring Hill

Entity Type  
City

County  
Maury

Type  
Water and Sewer

Details	2016	2017	2018
Revenue	\$8,769,310.00	\$9,129,565.00	\$9,375,044.00
Expenses	\$7,579,625.00	\$12,703,181.00	\$9,542,157.00
Operating Revenue	\$1,189,685.00	\$(3,573,616.00)	\$(167,113.00)
Non-Operating Revenues (Expenses)	\$(526,671.00)	\$(153,415.00)	\$(385,502.00)
Grants, Capital Contributions, Transfers	\$7,550,352.00	\$8,913,320.00	\$6,483,069.00
GAAP Change in Net Position	\$8,213,366.00	\$5,186,289.00	\$5,930,454.00
Grants, Capital Contributions, Transfers In	\$7,702,376.00	\$8,983,684.00	\$6,774,059.00
Statutory Change in Net Position (2017 Law)	\$510,990.00	\$(3,797,395.00)	\$(897,953.00)
Statutory Change in Net Position (2018 Law)			\$(843,605.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$295,925.00	\$241,577.00





JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Case: City of Spring Hill**

**Staff Summary:**

The City was referred on January 4, 2019 for financial distress. The City submitted their financial distress questionnaire to Board staff. The City contracted with Jackson Thornton on October 15, 2018 to complete a water and wastewater cost of service and rate study. This study was completed in June of 2019.

**Staff Recommendation:**

Order the City to comply with the following:

1. The City shall submit proof of implementation of the recommendations from the Jackson Thornton cost of service and rate study to Board staff by December 31, 2019.
2. The City shall send financial updates to Board staff by March 1<sup>st</sup> and September 1<sup>st</sup> of each year, starting March 1, 2020, until the Board releases the Town from its oversight.



May 7, 2019

Water & Wastewater Financing Board  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, TN 37243  
Attention: Mr. John Greer, Technical Secretary

Re: City of Spring Hill

Dear Mr. Greer:

Attached are responses to the Water & Wastewater Financing Board Questionnaire for the City of Spring Hill. We have included both water and sewer in the attached information. Those two utilities are combined within our Water/Sewer Fund, which is the fund that has reflected operating losses for Fiscal Years 2016-17 and 2017-18.

As detailed in our response, the City of Spring Hill engaged Jackson Thornton to perform a Water and Wastewater Utility Cost of Service study in October 2018. Initiation of that study was delayed several months due to the cyberattack the City experienced in November 2017. The study required 12 months of utility billing data/accounting data and we were unable to start the "12-month clock" until February 2018. We anticipate presentation of the study results to the Board of Mayor and Aldermen in June 2019, with subsequent Board action regarding rates.

If you have questions regarding the responses to our questionnaire, please feel free to reach out to either me at [vlay@springhilltn.org](mailto:vlay@springhilltn.org) or our Finance Director, Patti Amorello at [pamorello@springhilltn.org](mailto:pamorello@springhilltn.org) for clarification.

We look forward to working through this process together.

Sincerely,

Victor Lay  
City Administrator



## City of Spring Hill responses to WWFB Questionnaire - May 7, 2019

### 1) *Do you have a plan to remedy your financially distressed position?*

After a Request for Qualifications process, the City of Spring Hill engaged Jackson Thornton (via Resolution 18-196 dated 10/15/18) to perform a water and wastewater utility cost of service and rate study. Information required to initiate the study included 12 consecutive months of utility billing information and related accounting data. The City of Spring Hill suffered a cyberattack on November 3, 2017 and had to reconstruct all utility accounts and billing information, as well as all general ledger data. The first utility bill, after the cyberattack was not issued until February 2018 and covered 3 months and one week of consumption (from October 18, 2017 to January 26, 2018).

As a result of the cyberattack, the City was unable to provide 12 full months of data to Jackson Thornton until February 2019, which is when they began their analysis of the information. They are in the midst of conducting the study, with results anticipated to be presented to the Board of Mayor and Aldermen in June 2019.

#### **FY 2016-17 operating deficit**

For the City's fiscal year ended June 30, 2017, the City expended \$3.8 million from fund balance for water and sewer line relocations for the Duplex Road project, which transitions a sub-standard two-lane road to three lanes (two traffic lanes and a turn lane) with a walking path on one side and a sidewalk on the other. The State of Tennessee is providing \$22 million in funding for the road improvement. The City made a mindful decision to use \$3.7 million from water and sewer fund balance to accomplish these utility relocations as a part of the construction project.

#### **FY 2017-18 operating deficit**

For the City's fiscal year ended June 30, 2018, the operating loss reported on the financial report was \$167,113, primarily a result of a \$452,000 increase in depreciation from \$1,519,755 to \$1,971,804.

### 2) *Who has the authority to set rates and fees?*

The Board of Mayor and Aldermen has authority to set utility rates and fees. The City does not have a separate board or committee for that purpose.

### 3) *How many customers do you have currently?*

Customer numbers and info:

#### **City of Spring Hill 4/19 Customer Counts**

<u>Metered Sewer</u>		<u>Water</u>	
Commercial	2	City	191
<u>Sewer</u>		Commercial-incl 59 Irrigation	591
City	15	County	1
Commercial	428	Irrigation	26
County	2	Manufacturing	44
Manufacturing	43	Residential	<u>15,394</u>
Residential	<u>14,345</u>	Total all Water	16,247
Total	14,833		
Total all Sewer	14,835		

4) ***What percentage of sales do largest 10 customers provide (by volume and revenue) on a yearly basis?*** 3.976% of volume and 3.464% of sales – see schedule attached

5) ***Do you have plans for a rate increase or decrease?***

The Board of Mayor and Aldermen is waiting for the report being prepared by Jackson Thornton that is to be provided in June 2019 in order to establish new water and sewer rates.

6) ***What is the justification for the current rate structure?***

- a. Sewer rates were established in conjunction with a study performed by MTAS in 2010 and supplemented to provide adequate funding for several debt issues. Sewer rates were last revised in 2012 (Ordinance 12-80B). A Cost of Service study was performed in 2014 based upon FY 2013 financial data. There were several options presented (including not making any changes to rates) and no specific course of action was strongly recommended. No action to modify rates was taken in response to the study.
- b. Water rates were established in conjunction with a study performed by MTAS in 2010 and last revised in 2011 with Ordinance 11-07. A Cost of Service study was performed in 2014 based upon FY 2013 financial data. There were several options presented (including not making any changes to rates) and no specific course of action was strongly recommended. No action to modify rates was taken in response to the study.

7) ***Do you have written policies for rates and fees (how they are implemented and billed, including adjustments)?*** No written policies for rates and fees, but there is a leak adjustment policy as outlined in #12 (below).

- 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.

Customers are provided a rate schedule when they sign up for service. Water and sewer rates are available on the City's website.

9) ***Do you have a capital asset plan/budget?*** The City has a Capital Improvements Program that spans 10 years and includes several water and sewer system capital improvement projects. Projects are reviewed annually and prioritized by the Board of Mayor and Aldermen. The Board of Mayor and Aldermen approves funding for all projects via the annual budget.

- a. If so, how long does it forecast? 10 years

10) ***Do you review your capital asset list?***

- a. If so, please indicate the frequency it is reviewed and who reviews this list.
- b. If not, please justify why you do not.

The City is in the process of doing an asset valuation/inventory. Once complete, comprehensive information will be provided to the respective department heads including water distribution and production and sewer collection and waste water plant. Currently, department heads are responsible

for reviewing/recommending repair & maintenance or replacement items in conjunction with the annual budget process.

11) ***Do you have any environmental issues currently or forthcoming that will put a financial burden on the system?*** Not aware of any at this time.

12) ***Do you have a leak adjustment policy?*** Yes

- a. If so, what is the average yearly amount in adjusted gallons, cost to produce or purchase and lost revenue?

We do not have calculations for adjusted gallons and therefore can't back into cost to produce.

- i. Total adjustments for 2018 were \$57,508  
 ii. Adjustments for the first 4 months of 2019 are \$25,457  
 b. Please attach a copy of the policy. Resolution 08-35(attached)

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.

No new debt has been incurred for FY 2018-19, but several projects requiring issuance of debt are in the CIP for FY 2019-20, depending on Board of Mayor and Aldermen prioritization and funding.

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.

Due to the extensive growth within the City, the City would expect to receive contributions in the form of water lines/sewer lines related to new development.

For FY 2016-17, contributed infrastructure was \$5,602,364. For FY 2017-18, contributed infrastructure was \$2,507,938.

In conjunction with water and sewer capital projects, the City will explore a variety of funding sources that may include grants or capital contributions to reduce debt issuance.

15) ***Have you applied for grants that will be received over the next two years?*** No.

- a. If so, please provide a detailed explanation.

16) ***Do you produce or purchase your water supply?***

- a. If you produce your own water, what is the cost per thousand to produce?  
 i. For January 2008-April 2019, cost per thousand to produce was \$1.394  
 ii. For May 2018-April 2019, cost per thousand to produce was \$1.914  
 b. If you purchase your water,  
 i. What is the cost per thousand? For water purchased from Columbia Power & Water System, the cost is a \$68 monthly customer charge plus \$2.71 per thousand gallons.  
 ii. Do you have a long-term purchase contract in place? Yes, per Resolution 16-175 (contract effective February 22, 2017), copy of which is attached.

- 17) ***Do you have any wholesale customers?*** The City sells water to Maury County Water System.
- a. Do you have written contracts with these customers? No is a current contract, but rates were recently revised via Resolution 19-43 to mirror the costs that the City is paying for water purchased from Columbia Power & Water System. A copy of the resolution is attached.
- 18) ***What is your current non-revenue water percentage?*** See attached water loss schedule.
- a. Do you have any plans for improving? Yes
  - b. If so, please provide a detailed explanation.
    - i. Ongoing meter replacement program,
    - ii. Working “zero consumption” reports to identify meters that may have gone bad, and
    - iii. Immediate response team when any potential systems leaks occur.
- 19) ***With respect to your governing board, how frequently do you meet and what is your practice of providing notice of your meetings?***

The Board of Mayor and Aldermen meets for a work session on the first Monday of every month at 6:00 p.m. and for a voting meeting on the third Monday of every month at 7:00 p.m. (if the meeting falls on a holiday, it moves to Tuesday) Special call meetings are sometimes held for budget discussions and other pertinent business.

Notice is given for all meetings by advertising in the Daily Herald, the Williamson AM and on the City’s website: [www.springhilltn.org](http://www.springhilltn.org)

- 20) ***Has your governing body met the applicable training requirements?*** See chart below
- a. Please provide a list of Board members and their election/appointment dates

<b>Name</b>	<b>Appointment Date</b>	<b>Training</b>
Rick Graham, Mayor	04/13/17 (reelected)	No
John Canepari	05/6/19	No-new
Matt Fitterer	05/06/19 (reelected)	8 hours
Kevin Gavigan	04/13/17	No
Hazel Nieves	05/6/19	No-new
Vincent Fuqua	04/13/17	12 hours
Dan Allen	05/6/19	No-new
Jeff Graves	04/13/17	12 hours
Amy Wurth	04/13/17 (reelected)	No



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Deputy Comptroller

### 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 three-months of balance sheets and income statements (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.**
  - b. **If not, please provide a detailed explanation.**
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/budget, 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.



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Deputy Comptroller

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 purchase 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: *Jason E. Mumpower* Title: *Finance Director* Date: *5/7/2019*

Please mail, e-mail(preferred), 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**



**Water & Sewer Rates  
last 5 years**

**Water Rates – Ordinance 11-07  
Sewer Rates – Ordinance 12-80B**

WATER RATES

LAST 5 YRS

**ORDINANCE 11-07****AN ORDINANCE TO AMEND ORDINANCE 10-02 TO REDUCE THE MINIMUM CHARGE FOR RESIDENTIAL ONE INCH WATER METERS**

**WHEREAS**, the Mayor and Board of Aldermen of The City of Spring Hill desire to set fair rates for water and sewer for the residents of Spring Hill; and

**WHEREAS**, rates were established in a phased, multi-year approach by Ordinance 10-02; and

**WHEREAS**, future specifications for fire protection service lines for residential units will require, at a minimum a one inch (1") water meter to meet flow requirements; and

**BE IT THEREFORE ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF SPRING HILL, TENNESSEE**, that the following amendment is hereby made to Ordinance 10-02:

**Section 2.**The water rates shall be amended effective June 1, 2011, to the following:

	<b>Rates as of July 1, 2010</b>	<b>Minimum</b>	<b>Remaining</b>
	<b>15%</b>	<b>Includes</b>	<b>usage</b>
<b>Category</b>		<b><u>2,000 gal</u></b>	<b><u>per 1,000 gal</u></b>
	0001 WATER INSIDE	\$ 9.80	\$ 3.69
	0002 WATER OUTSIDE	\$ 18.47	\$ 3.69
	0004 3 INCH WATER MT	\$ 92.10	\$ 3.69
	0005 33 MINIMUMS	\$ 486.33	\$ 3.69
	0006 2 INCH WATER MT	\$ 71.98	\$ 3.69
	<b>0007 ONE INCH WATER MT</b>	<b>\$ 9.80</b>	<b>\$ 3.69</b>
	0008 8 INCH WATER MT	\$ 646.98	\$ 3.69
	0009 1-1/4" OR 1-1/2"	\$ 57.60	\$ 3.69
	0003 4" WATER MT	Not Used	\$ 3.69
	0004 3 INCH WATER MT	Not Used	\$ 3.69
Irrigation	0001 WATER INSIDE	\$ 9.80	\$ 3.69
Irrigation	0006 2 INCH WATER MT	\$ 71.98	\$ 3.69
Irrigation	0007 ONE INCH WATER MT	\$ 43.23	\$ 3.69
Irrigation	0009 1-1/4 OR 1-1/2"	\$ 57.60	\$ 3.69

Ordinance 11-07

5-16-11

Page 1 of 2

Passed and adopted by the Board of Mayor and Aldermen of the City of Spring Hill, Tennessee on the 16<sup>th</sup> day of May, 2011.




Michael Dinwiddie, Mayor

ATTEST:

  
April Goad, City Recorder

LEGAL FORM APPROVED:

  
Timothy P. Underwood, City Attorney

PASSED ON 1<sup>ST</sup> READING: April 18, 2011

PASSED ON 2<sup>ND</sup> READING: May 16, 2011

**RESOLUTION 12-80 B**

**A RESOLUTION TO ESTABLISH SEWER RATES FOR THE CITY OF SPRING HILL,  
AS SET FORTH IN ORDINANCE 10-09**

**WHEREAS**, the Board of Mayor and Aldermen of the City of Spring Hill passed Ordinance 10-09 to establish sewer rates for customers inside the city limits; and

**WHEREAS**, the Board of Mayor and Aldermen desires to review the scheduled rate adjustment prior to implementation as stated in Section 3 of Ordinance 10-09; and

**WHEREAS**, Ordinance 10-09, section 3 states:

“Section 3. The Sewer rates shall increase on July 1, 2012, upon review by the Board of Mayor and Aldermen by April 2012, to the following:

Gallons per month:

Sewer Rate Inside City:

0- 2,000  
Over 2,000

\$ 14.26 (minimum)  
\$ 5.34 per thousand gal.”

**WHEREAS**, after review of sewer rates, revenues, projected income and growth assumptions, the Board of Mayor and Aldermen does not feel that a 30% increase is warranted at this time as stated in Ordinance 10-09, Section 3, due to city staff analysis and recommendation; and

**NOW, THEREFORE BE IT RESOLVED** that the Board of Mayor and Aldermen of the City of Spring Hill hereby accepts staff’s recommendation and hereby approves a 10% (ten percent) increase, resulting in the following sewer rate:


Gallons per month:

Sewer Rate Inside City:

0- 2,000  
Over 2,000

\$ 12.07 (minimum)  
\$ 4.52 per thousand gal.”

Passed and adopted this 20<sup>th</sup> day of August, 2012.

  
Michael Dinwiddie, Mayor

ATTEST:

  
April Goad, City Recorder

LEGAL FORM APPROVED:

  
Timothy P. Underwood, City Attorney



## Stanton

Entity Type  
Town

County  
Haywood

Type  
Water and Sewer

Details	2016	2017	2018
Revenue	\$179,520.00	\$160,363.00	\$178,931.00
Expenses	\$201,970.00	\$182,524.00	\$220,175.00
Operating Revenue	\$(22,450.00)	\$(22,161.00)	\$(41,244.00)
Non-Operating Revenues (Expenses)	\$84.00	\$(4,412.00)	\$337.00
Grants, Capital Contributions, Transfers	\$52,705.00	\$281,580.00	\$69,837.00
GAAP Change in Net Position	\$30,339.00	\$255,007.00	\$28,930.00
Grants, Capital Contributions, Transfers In	\$52,705.00	\$281,580.00	\$69,837.00
Statutory Change in Net Position (2017 Law)	\$(22,366.00)	\$(26,573.00)	\$(40,907.00)
Statutory Change in Net Position (2018 Law)			\$(40,907.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$-	\$-



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Case: Town of Stanton**

**Staff Summary:**

On April 17, 2018, the Board ordered the Town 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.
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 complied with the directives of the above order.

**Staff Recommendation:**

Order the Town to comply with the following:

1. The Town shall send financial updates to Board staff by March 1<sup>st</sup> and September 1<sup>st</sup> of each year, starting March 1, 2020, until the Board releases the Town from its oversight.

**From:** Allan Sterbinsky  
**To:** [John Greer](#)  
**Subject:** Stanton Water/Sewer Rate Study  
**Date:** Thursday, August 30, 2018 10:25:17 AM

---

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.



## Sunbright

Entity Type  
City

County  
Morgan

Type  
Sewer

Details	2016	2017	2018
Revenue	\$32,766.00	\$39,781.00	\$33,375.00
Expenses	\$42,627.00	\$61,691.00	\$42,376.00
Operating Revenue	\$(9,861.00)	\$(21,910.00)	\$(9,001.00)
Non-Operating Revenues (Expenses)	\$-	\$-	\$-
Grants, Capital Contributions, Transfers	\$-	\$-	\$-
GAAP Change in Net Position	\$(9,861.00)	\$(21,910.00)	\$(9,001.00)
Grants, Capital Contributions, Transfers In	\$-	\$-	\$-
Statutory Change in Net Position (2017 Law)	\$(9,861.00)	\$(21,910.00)	\$(9,001.00)
Statutory Change in Net Position (2018 Law)			\$(9,001.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$-	\$-





JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

## **Case: City of Sunbright**

### **Staff Summary:**

The City has been referred to the Water and Wastewater Financing Board for the third year in a row. The City has failed to correct their financial distress situation. There have not been rate changes to show that the City is making strides to correct this problem. There has also been no proof provided or any other indication given to Board staff that the officials have complied with the training requirements.

### **Staff Recommendation:**

Order the City to complete the following:

1. The City shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
  - i. a review of the capitalization policy including any recommended modifications;
  - ii. creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs;
  - iii. a review of the leak adjustment policy including any recommended modifications; and
  - iv. a review of possible merger partners in the area.
2. By October 31, 2019, the City shall send Board Staff a copy of the contract between the City and the qualified expert who is to perform the tasks in paragraph 1.
3. By December 31, 2020, the City shall send Board staff proof that all members of the utility's governing body have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
4. By February 28, 2020, the City shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
5. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the City.



## Tracy City

Entity Type  
Town

County  
Grundy

Type  
Water and Sewer

Details	2016	2017	2018
Revenue	\$1,121,566.00	\$1,204,990.00	\$1,287,021.00
Expenses	\$1,075,734.00	\$1,111,813.00	\$1,145,063.00
Operating Revenue	\$45,832.00	\$93,177.00	\$141,958.00
Non-Operating Revenues (Expenses)	\$(120,372.00)	\$(131,796.00)	\$(180,920.00)
Grants, Capital Contributions, Transfers	\$1,941,600.00	\$19,180.00	\$-
GAAP Change in Net Position	\$1,867,060.00	\$(19,439.00)	\$(38,962.00)
Grants, Capital Contributions, Transfers In	\$1,941,600.00	\$19,180.00	\$-
Statutory Change in Net Position (2017 Law)	\$(74,540.00)	\$(38,619.00)	\$6,315.00
Statutory Change in Net Position (2018 Law)			\$(38,962.00)
Net Pension and OPEB Asset		\$45,277.00	\$-
Net Pension and OPEB Liability		\$-	\$-



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Deputy Comptroller

**Case: Town of Tracy City**

**Staff Summary:**

On June 29, 2018, the Town informed Board Staff that the plan for a positive change in net position will be to increase rates until they are positive. However, the rate increases are arbitrary, and the City has provided no indication that they will be sufficient to correct the financial deficiencies or that they are justifiable and fair to the customers.

<b>2016 Rates</b>				
	Water Inside	Water Outside	Commercial Water Inside	Commercial Water Outside
0 - 1,500 (flat)	\$25.06	\$28.42	\$25.76	\$34.25
In Excess per Thousand	\$8.46	\$9.15	\$9.43	\$9.92
Sewer is 200% of Water Bill				

<b>2017 Rates</b>				
	Water Inside	Water Outside	Commercial Water Inside	Commercial Water Outside
0 - 1,500 (flat)	\$23.53	\$26.69	\$24.19	\$32.16
In Excess per Thousand	\$7.94	\$8.59	\$8.85	\$9.31
Sewer is 200% of Water Bill				

<b>Current Rates</b>				
	Water Inside	Water Outside	Commercial Water Inside	Commercial Water Outside
0 - 1,500 Flat	\$25.06	\$28.42	\$25.76	\$34.25
In Excess	\$8.46	\$9.15	\$9.43	\$9.92
Sewer is 200% of Water Bill				



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Staff Recommendation:**

Order the Town to complete the following:

1. The Town shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study.
2. By October 31, 2019, the Town shall send Board Staff a copy of the contract between the Town and the qualified expert who is to perform the rate study.
3. By February 28, 2020, the Town shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
4. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Town.



## Wartburg

Entity Type  
City

County  
Morgan

Type  
Sewer

Details	2016	2017	2018
Revenue	\$659,841.00	\$650,736.00	\$654,601.00
Expenses	\$611,758.00	\$743,101.00	\$804,935.00
Operating Revenue	\$48,083.00	\$(92,365.00)	\$(150,334.00)
Non-Operating Revenues (Expenses)	\$(39,938.00)	\$(32,245.00)	\$25,115.00
Grants, Capital Contributions, Transfers	\$30,000.00	\$58,377.00	\$16,386.00
GAAP Change in Net Position	\$38,145.00	\$(66,233.00)	\$(108,833.00)
Grants, Capital Contributions, Transfers In	\$30,000.00	\$58,377.00	\$16,386.00
Statutory Change in Net Position (2017 Law)	\$8,145.00	\$(124,610.00)	\$(125,219.00)
Statutory Change in Net Position (2018 Law)			\$(125,219.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$-	\$-



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Case: City of Wartburg**

**Staff Summary:**

The City was referred on April 9, 2019 to the Board for financial distress and later submitted the financial questionnaire. The questionnaire indicated that the City officials are not compliant with the training requirement law.

**Staff Recommendation:**

Order the City to comply with the following:

1. The City shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, to perform a rate study that includes the following:
  - i. a review of the leak adjustment policy, including any recommended modifications;
  - ii. a review of the capitalization policy, including any recommended modifications; and
  - iii. creation of a five-year capital asset budget to be taken from the current capital asset list and to include future anticipated needs.
2. By October 31, 2019, the City shall send Board Staff a copy of the contract between the City and the qualified expert who is to perform the tasks in paragraph 1.
3. By February 28, 2020, the City shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
4. By December 31, 2019, the City shall send Board staff proof that all board members have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
5. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the City.

**CITY OF WARTBURG**  
**POST OFFICE BOX 386**  
**WARTBURG, TN 37887**  
**(423) 346-2323**

**CITY RECORDER**  
**COURTNEY GRIFFIN**

**CHIEF OF POLICE**  
**EARL R. BALES**

**MAYOR**  
**JONATHAN DAGLEY**

**BOARD OF ALDERMAN**  
**BACEL GUNTER**  
**PHIL VESPIE**

**WWFB Financial Questionnaire Answers**

1. A Five year history is attached in an email pdf from our utility company.
2. A Five year history of all utility fees is included in our Ordinance
3. A current customer contract is attached
4. Most Current 3 months of balance sheets and income statements
5. A copy of the capitalization policy will be copied from our audit report in the scans

\*Response to following questions\*

1. We do have a plan to remedy our current financial situation. We have a signed contract from the state of Tennessee to put in a new line from our biggest customer which is the Morgan County Correctional Facility. In this contract there will be a line run from the Correctional Facility directly to our sewer plant to where they State will no longer be on a set amount that they pay per month. They will be billed for what they actually use which should be an increase of about \$15,000- \$20,000 a month more than what we get paid now. This project will be complete within the next five years. We also have now received our own haul truck for our waste in the plant which will eliminate the haul bill and the dump bill for sludge because we are also now land applying. This will also cut back on gas consumption because we will not have to drive as far to the dump sites.
2. The Mayor and the board of Alderman are the persons who have the authority to vote and set new sewer rates.
3. We have 530 metered customers.
4. Attached in the scans is a history of our 10 largest customers.
5. We do not have plans to increase the rate at this time. However, with our losses that is something the board has been looking into.
6. The current structure of our rates are measured with how much water is used so we bill that it works best for us and has in years past.
7. Yes, we have a City ordinance with the new rates and fees. Also the rates are in our most current audit report.

8. We have to advertise in the local newspaper any and all new ordinances which include sewer and fee changes.
9. Yes we have a capital asset plan which is attached from our auditor.
10. Yes, the City recorder reviews the list with the city's auditor every year.
11. At this time we do not have any environmental issues that are putting us I a financial burden in our system.
12. We have a policy but it's more of an understood policy that has existed since the sewer system has been put in. I am in the process of getting it typed up and passed through the council. In past history, every sewer customer is allowed on sewer adjustment a year for a leak or a pool fill up. We adjust based on the previous three months bills by taking those amounts and adding them together and dividing by 3.
13. We do not plan to incur any new debt this fiscal year.
14. Yes, we do have a plan to receive more grants during our current year because of the new line being installed. That will work as a pass through grant to which the state is paying for every bit of it, but the city wastewater employees will oversee the project and inspect the line since it will be maintained by the city.
15. No we have not applied for any grants to which we would receive for wastewater management or improvement.
16. No we do not produce or purchase water.
17. No, we do not have any wholesale customers
18. This question in not applicable to our department.
19. We meet once a month and it is publicized in the local newspaper and on our local radio station.
20. To my knowledge our governing body has not met the education qualifications, because it was something I don't think they have been made aware of. If you need to contact me about this for further explanation please feel free to do so.

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

Signature: Courtney Yuff Title: City Recorder Date: 9-16-19



**City of Wartburg**  
**Wastewater Fund**  
**Financial Projections**  
Using 2% expense growth  
**Aug 2019**

	AUDITED 2017	AUDITED 2018	ESTIMATED 2019	BUDGET 2020	PROPOSED 2021	PROPOSED 2022
<b>OPERATING REVENUES</b>						
Wastewater Charges	\$ 650,736	\$ 654,601	\$ 651,219	\$ 650,000	\$ 747,500	\$ 748,000
New Prison charges					204,000	204,000
Sewer Fees	<u>0</u>	<u>0</u>	<u>3,020</u>	<u>2,600</u>	<u>37,500</u>	<u>0</u>
Total Operating Revenues	<u>650,736</u>	<u>654,601</u>	<u>654,239</u>	<u>652,600</u>	<u>989,000</u>	<u>952,000</u>
<b>OPERATING EXPENSES</b>						
Salaries	116,544	126,938	99,000	112,710	114,964	117,263
Payroll Taxes	8,742	9,687	8,000	10,000	10,200	10,404
Workers Compensation	3,637	3,216	3,013	4,250	4,335	4,422
Utilities	91,365	96,908	102,002	106,000	108,120	110,282
License and permits	7,070	5,085	9,500	7,010	7,150	7,293
Telephone	2,208	2,249	2,200	2,300	2,346	2,393
Sludge removal	106,019	110,050	104,103	102,000	12,000	12,000
Repairs and maintenance	88,422	128,852	53,300	69,000	70,380	71,788
Operating supplies	50,265	57,746	58,056	65,000	66,300	67,626
Chemicals	41,788	36,337	30,150	37,000	37,740	38,495
Miscellaneous	45,883	47,122	27,240	29,500	30,090	30,692
Depreciation	<u>181,158</u>	<u>180,745</u>	<u>180,745</u>	<u>195,000</u>	<u>195,000</u>	<u>195,000</u>
Total Expenses	<u>743,101</u>	<u>804,935</u>	<u>677,309</u>	<u>739,770</u>	<u>658,625</u>	<u>667,658</u>
Net Change in Net Position	<b>(\$92,365)</b>	<b>(\$150,334)</b>	<b>(\$23,070)</b>	<b>(\$87,170)</b>	<b>\$330,375</b>	<b>\$284,342</b>
Capital Contributions	56,969	16,386	471,226	2,000,000	0	0
Interest income	573	547	539	550	2000	2400
Interest expense	<b>(31,410)</b>	<b>(25,662)</b>	<b>(28,847)</b>	<b>(28,692)</b>	<b>(24,730)</b>	<b>(20,392)</b>
Net Position -beginning	\$6,263,802	\$6,197,569	\$6,038,506	\$6,458,354	\$8,343,042	\$8,650,687
Net Position -ending	\$6,197,569	\$6,038,506	\$6,458,354	\$8,343,042	\$8,650,687	\$8,917,037

**CITY OF WARTBURG, TENNESSEE**  
**SEWER FUND**  
**SCHEDULE OF UTILITY RATES AND NUMBER OF CUSTOMERS SERVED**  
**JUNE 30, 2018**

---

## Metered rates:

First 2,000 gallons (minimum billing)	\$ 21.58
Next 8,000 gallons (per 1,000 gallons)	5.72
Next 10,000 gallons (per 1,000 gallons)	5.28
Over 20,000 gallons (per 1,000 gallons)	4.85
 Residential and commercial tap fee	 500.00
 Nonrefundable service/transfer fee	 35.00

All customers are billed by the Plateau Utility District. The District receives customer payments and remits the total collected to the City monthly.

Number of metered customers	530
-----------------------------	-----

See accompanying independent auditors' report.



## Watertown

Entity Type  
City

County  
Wilson

Type  
Water and Sewer

Details	2016	2017	2018
Revenue	\$568,334.84	\$568,888.54	\$577,885.58
Expenses	\$568,735.86	\$579,003.64	\$503,643.45
Operating Revenue	\$(401.02)	\$(10,115.10)	\$74,242.13
Non-Operating Revenues (Expenses)	\$(7,096.96)	\$4,331.49	\$946.90
Grants, Capital Contributions, Transfers	\$-	\$-	\$-
GAAP Change in Net Position	\$(7,497.98)	\$(5,783.61)	\$75,189.03
Grants, Capital Contributions, Transfers In	\$-	\$-	\$-
Statutory Change in Net Position (2017 Law)	\$(7,497.98)	\$(5,783.61)	\$75,189.03
Statutory Change in Net Position (2018 Law)			\$75,189.03
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$-	\$-



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Deputy Comptroller

## Case: City of Watertown

### Staff Summary:

On March 14, 2019, the Board ordered the City to comply with the following:

1. The City shall have the Municipal Technical Advisory Service, the Tennessee Association of Utility Districts or another qualified expert, as approved by Board staff, assist in completing the financial questionnaire previously sent by Board staff.
2. The City shall send the completed financial questionnaire and all supporting documentation to Board staff by May 31, 2019.
3. If the City does not comply with the contents of this order, the Case will be passed to the Office of the Attorney General for Judicial Proceedings.

The City returned the questionnaire on June 28, 2019.

The City has not had a rate increase since 2009, nor does it intend to raise rates. It does not have a capitalization policy or a capital asset plan. In 2018, the City's non-revenue water was 57% by volume and 10% by cost. Board staff has been informed that the Mayor and Alderman may not all be compliant with the training requirements. The City has had large fluctuations in its annual financials; a closer look is needed to ensure long term feasibility.

### Staff Recommendation:

Order the City to comply with the following:

1. The City shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board Staff, perform a rate study that includes the following:
  - i. creation of a capitalization policy'
  - ii. creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs; and
  - iii. a review of the leak adjustment policy, including any recommended modifications.
2. By October 31, 2019, the City shall send Board Staff a copy of the contract between the City and the qualified expert who is to perform the tasks in paragraph 1.
3. February 28, 2020, the City shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

4. By December 31, 2019, the Town shall send Board staff proof that all members of the utility system's governing body have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
5. Board Staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the City.

MAYOR  
Michael R. Jennings

# City of Watertown

8630 SPARTA PIKE  
WATERTOWN, TENNESSEE 37184  
PHONE 615 / 237-3326  
FAX 615 / 237-3320

CITY RECORDER  
April Lamberson

ALDERMAN  
Jim Amero  
Paulette Dorris  
Brandon Howard  
Robin Vance-Kent  
Tony Lea  
Tom Nix

June 28, 2019

Water and Wastewater Financing Board  
Attn: John Greer  
Fourth Floor Cordell Hull Building  
425 Fifth Avenue North  
Nashville, TN 37243-3400

**RE: City of Watertown, Tennessee**

**Delivered by Electronic Mail to [utilities@cot.tn.gov](mailto:utilities@cot.tn.gov)**

Dear Mr. Greer:

Please consider this document the response of the City of Watertown to the WWFB Financial Questionnaire ordered by the Tennessee Water and Wastewater Financing Board.

**Instructions: Please submit the following information**

1. Five year history of your rates (all rate classes and types)

**RESPONSE:** The current rates structure for the City of Watertown is attached. There has been no rate increase in the last 5 years. The last rate increase occurred in 2009.

2. Five year history of all utility fees (include records of how you rationalized charges for: tap fees, reconnection fees, etc.)

**RESPONSE:** See the answer to number 1.

3. The current customer contract used for new service accounts

**RESPONSE:** Copy attached.

4. Most current three-months of balance sheets and income statements (accounts must be broken out by water and sewer if applicable; you may need to estimate or use a percentage for each)

RESPONSE: Balance sheets and income statements for the Water and Sewer Fund of the City of Watertown are attached for the months of March, April and May, 2019.

5. A copy of your debt management policy

RESPONSE: Copy attached.

6. A copy of your capitalization policy (by which you decide whether you capitalize versus expense items)

RESPONSE: We do not have a capitalization policy.

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

1. Do you have a plan to remedy your financially distressed position?
- If so, please provide a detailed copy.
  - If not, please provide a detailed explanation.

RESPONSE: The most recent audit of the City of Watertown for the fiscal year ending June 30, 2018 shows that revenue exceeded expenditures by \$75,189.03. The net position of this fund at June 30, 2018 is \$2,613,778.58. There are no plans at this time to make any changes to how the Water and Sewer Fund, a proprietary fund, is being operated.

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 alderman, etc.)?

RESPONSE: The Board of Mayor and Alderman have the authority to set rates and fees.

3. How many customers do you have currently? Please break out by metered, non-metered, billed, and un-billed, and class (residential, commercial, etc.)

RESPONSE: We have a total of 667 customers, of which 594 are residential and 73 are commercial. We have 8 meters on city buildings for which there is no charge and no revenue generated. One of our buildings ( the Sewer Plant) is not metered.

4. What percentage of your sales do the largest ten (10) customers (by volume and by revenue) represent on a yearly basis?

RESPONSE: See Table.

Customer	Gallons	Monthly Charge
Diasol Inc.	113,500	\$1519.70
Beckwith Apartments	53,758	\$1518.32
Watertown High School	50,067	\$493.02
Lebanon Housing Authority	34,025	\$465.57
Watertown Middle School	28,792	\$384.42
Watertown Middle School	27,265	\$364.26
Three Forks Market	25,700	\$305.82
Lebanon Housing Authority	21,674	\$299.74
Kleen-O-Matic	25,403	\$289.90
Watertown Elementary School	21,408	\$288.18

5. Do you have plans for a rate increase or decrease?
- If yes, has your Board voted on it?
    - Please attach the relevant minutes that show all discussion and votes.
  - If no, please attach the minutes where the relevant discussion and vote took place not to change the current rate structure.

**RESPONSE:** See the answer to number 1. I have no plans to recommend to the Board a rate increase or decrease. There has been no discussion of an increase or decrease at any Board meeting that I am aware of.

6. What is the justification for the current status of your rates?

**RESPONSE:** With the retirement of a large item of debt two years ago, our rates appear to be satisfactory to handle operating expenses and indebtedness at this time.

7. Do you have any written policies for rates and fees (how they are implemented and billed, including adjustment)?
- If so, please provide a list of the applicable policies.
  - How often do you review these policies?

**RESPONSE:** Yes. Copy attached. We review these policies as needed or as inquiries are made about adjustments.

8. How do you make customers aware of the rates and fees you have in place?
- Is this done at least annually? If not, please explain.

**RESPONSE:** Customers are made aware of our rates and fees in several different ways. They are advised of the same if they call into the City Hall. They will be given a list of rates and fees upon request. If there is to be a proposed change in rates and/or fees, then that is advertised. I write an every other week column for the local newspaper. If an increase in rates and/or fees were contemplated, I would put it in that article.

9. Do you have a capital asset plan/budget?
- If so, how long does it forecast (5-year, 10-year, etc.)?



b. If you do not have a capital asset plan/budget, please justify why you do not.

RESPONSE: At the current time, we do not have a capital asset plan/budget. As everything is contained in our water and sewer fund budget, and we receive monthly budget reports, we did not feel it necessary. It may become necessary in the next year or so because of the major improvement project scheduled to begin in our sewer operations.

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.

RESPONSE: See the response to number 9. I do review the monthly budget reports, provide a copy to each alderman, and generally review the budget report at each meeting of our City Council.

11. Do you have any environmental issues currently or forthcoming that will put a financial burden on the system?

RESPONSE: I have, within the last 20 days been provided a copy of a proposed "Consent Order" with the Tennessee Department of Environment and Conservation regarding a fish kill that occurred in Round Lick Creek in the summer of 2018. I have not been contacted by anyone with that department and was surprised to receive the Consent Order without some discussion preceding that. I do plan to discuss that with them in the next few days. I do not see this Consent Order placing a financial burden on the system. I do feel that it is money that could be spent better in other areas.

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.

RESPONSE: We do have a leak adjustment policy. A copy of that policy is attached.

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.

RESPONSE: We are in the preliminary design phase of a major sewer improvement that is anticipated to start during the next fiscal year. It is anticipated that we will be incurring new debt. At this time, it is difficult to estimate the cost without receiving bids.

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

RESPONSE: See the answer to number 13. It is hoped that at least a portion of this expenditure could be paid from a grant.

15. Have you applied for any grants that will be received over the next two years?
- a. If so, please provide a detailed explanation.

RESPONSE: At this time, we have not applied for any grants.

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 purchase your water,
    - i. What is the cost per thousand?
    - ii. Do you have a long-term purchase contract in place?

RESPONSE: We produce our own water supply. I am not sure how to calculate the cost per thousand to produce. I have included a copy of page 48 of the audit for the City of Watertown for the year ending June 30, 2018 of the reporting worksheet for the AWWA Free Water Audit Software.

We do not purchase any water. However, we do pay a monthly tap fee to the Wilson County Water Authority which is located on the western city limits. We did this several years ago as a backup for fire protection or if we should lose the use of our pumps for an extended period of time.

17. Do you have any wholesale customers?
- a. Do you have written contracts with those customers?

RESPONSE: I do not believe we have any wholesale 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 provided a detailed explanation.

RESPONSE: While I do not have a percentage, the "Reporting Worksheet" that I have referenced in my response to number 16 indicates that we have non-revenue water totaling 42,276,000 gallons per year. Our total water supply, according to this worksheet, is 74,474,000 gallons.

We do not have any engineered plans for improving our non-revenue water percentage at this time. We are having to focus on the major sewer project that we are

about to undertake. We do try to curtail any area that can be identified as “water loss” by making what improvements we can with our limited equipment.

19. With respect to your governing Board, how frequently do you meet and what is your practice of providing notice of your meetings?

RESPONSE: Our governing Board is the Board of Mayor and Alderman of the City of Watertown, Tennessee. We meet monthly on the third Tuesday night of each month. We meet in special called meetings if there is a need. Notice is provided through local newspapers including the Lebanon Democrat, Wilson Post and Watertown Edge. Our meeting notice complies with the Open Meetings Law.

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/>

RESPONSE: Our governing body is the Mayor and Alderman of the City of Watertown, Tennessee. I do not know if each member has met the applicable training requirements.

a. See table.

Members	Election/Appointment Dates
<b>Brandy Baird-Holcomb</b>	November 2018
<b>Howell Roberts</b>	Elected to fill the unexpected term of the late Tom Nix who was elected November 2018 but is now deceased. Mr. Roberts will serve in that position until November 2022.
<b>Tony Lea</b>	November 2018
<b>Catherine Smith</b>	November 2016
<b>Christie Cantrell</b>	November 2016
<b>Brandon Howard, Vice Mayor</b>	November 2016
<b>Michael R. Jennings, Mayor</b>	November 2016

Sincerely,

Michael Jennings

CC: Rachel E. Buckley, Attorney at Law  
 Fourth Floor Cordell Hull Building  
 425 Fifth Avenue North  
 Nashville, TN 37243-3400



## Woodland Mills

Entity Type  
City

County  
Obion

Type  
Sewer

Details	2016	2017	2018
Revenue	\$200,657.00	\$207,919.00	\$233,285.00
Expenses	\$205,127.00	\$208,356.00	\$236,002.00
Operating Revenue	\$(4,470.00)	\$(437.00)	\$(2,717.00)
Non-Operating Revenues (Expenses)	\$(3,755.00)	\$(4,891.00)	\$(5,379.00)
Grants, Capital Contributions, Transfers	\$-	\$-	\$-
GAAP Change in Net Position	\$(8,225.00)	\$(5,328.00)	\$(8,096.00)
Grants, Capital Contributions, Transfers In	\$-	\$-	\$-
Statutory Change in Net Position (2017 Law)	\$(8,225.00)	\$(5,328.00)	\$(8,096.00)
Statutory Change in Net Position (2018 Law)			\$(8,096.00)
Net Pension and OPEB Asset		\$-	\$-
Net Pension and OPEB Liability		\$-	\$-



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

### **Case: City of Woodland Mills**

#### **Staff Summary:**

On March 14, 2019, the Board ordered Woodland Mills to complete the following:

1. The City shall have the Municipal Technical Advisory Service, the Tennessee Association of Utility Districts or another qualified expert, as approved by Board staff, assist in completing the financial questionnaire previously sent by Board staff.
2. The City shall send the completed financial questionnaire and all supporting documentation to Board staff by May 31, 2019.
3. If the City does not comply with the contents of this order, the Case will be passed to the Office of the Attorney General for Judicial Proceedings.

The City sent the questionnaire to Board staff on May 29, 2019. The City's governing body has not met the training requirements. Upon review of the questionnaire, it is apparent that the City needs technical help to ensure the viability of the system. The Mayor and Alderman are also paid for out of the sewer fund according to their audit.

#### **Staff Recommendation:**

Order the City to complete the following:

1. The City shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
  - i. a review of the capitalization policy, including any recommended modifications;
  - ii. a review of the tap fees, including any recommended modifications;
  - iii. a review of the financial viability of the City's personnel costs being paid out of the utility fund, including any recommended modifications;
  - iv. creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
  - v. a review of the leak adjustment policy, including any recommended modifications.



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

2. By October 31, 2019, the City shall send Board Staff a copy of the contract between the City and the qualified expert who is to perform the tasks in paragraph 1.
3. By February 28, 2020, the City shall provide Board staff with the completed rate study, and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
4. By December 31, 2019, the Town shall send Board staff proof that all members of the utility system's governing body have complied with the training requirements set out in Tenn. Code Ann. § 7-34-115(j).
5. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the City.

**From:** [Wade Carrington](#)  
**To:** [Utilities@cot.tn.gov](mailto:Utilities@cot.tn.gov)  
**Subject:** FW: Sewer Fund  
**Date:** Monday, June 10, 2019 9:38:51 AM  
**Attachments:** [image002.png](#)

---

Mr. Colona,

Please see email below from the City of Woodland Mills CPA firm that performs the annual audit about updated depreciation schedule for FY 2019-2020 Sewer fund budget.

Thanks,  
Wade

Sincerely,



Wade Carrington, Mayor  
Woodland Mills, Tennessee  
731-445-8179 cell  
731-885-7780 home



# CITY OF WOODLAND MILLS

P.O. Box 153 \* 201 Cannon Moore Drive \* Woodland Mills, TN 38271 \* (731) 885-8754  
Fax (731) 885-1841 \* Email: [city@woodlandmills.net](mailto:city@woodlandmills.net)



Please consider the environment before printing this e-mail. Thank You.

---

**From:** Trevor Hurst <trevorhurst@bellsouth.net>  
**Sent:** Wednesday, June 5, 2019 12:09 PM  
**To:** 'Wade Carrington' <wade.carrington@ira-image.com>  
**Subject:** Sewer Fund

Wade,

Looking at the sewer fund and the proposes changes I estimate that the fund would go from a deficit of \$8,000 to a surplus of \$8,000.

Assuming all other variables remain constant. You would remove \$2,400 for salaries for mayor and aldermen, \$3,300 for audit fees, and as discussed \$9,000 less in depreciation. \$11,000 less for the sewer lines installed in 1980 and \$2,000 more for equipment purchased this year. In addition, we discussed a modest increase from \$3.21 to \$3.51 which should generate an additional \$2,000 to \$2,500.

Please let me know if I can be of any further assistance.

Regards,

Trevor M. Hurst



THOMPSON, M<sup>c</sup>CONNELL, & HURST CPAs PLLC

716 S. First Street

Union City, TN 38261

(731)885-9137 Phone

(731)885-8309 Fax

(731)514-0483 Cell



# CITY OF WOODLAND MILLS

P.O. Box 153 \* 201 Cannon Moore Drive \* Woodland Mills, TN 38271 \* (731) 885-8754  
 Fax (731) 885-1841 \* Email: city@woodlandmills.com



## Tennessee Comptroller of the Treasury WWFB Financial Questionnaire

### 1. Five year history of rates

2013-2017 \$2.66 per 1000 gallons	\$10.00 base rate per household
2017-2019 \$3.21 per 1000 gallons	\$10.00 base rate per household

### 2. Five year history of all utility fees

See attachment 2

The city has a Tap fee of \$ 300.00

### 3. The current customer contract used for new service accounts.

See attachment 3

### 4. Most current three-months of balance sheets and income statements

See attachment 4

### 5. A copy of you debt management policy.

See attachment 5

### 6. A copy of you capitalization policy (by which you decide whether you capitalize versus expense items)

The City of Woodland capitalize see enclosed budget.

# CITY OF WOODLAND MILLS

P.O. Box 153 \* 201 Cannon Moore Drive \* Woodland Mills, TN 38271 \* (731) 885-8754  
 Fax (731) 885-1841 \* Email: city@woodlandmills.com



## Tennessee Comptroller of the Treasury WWFB Financial Questionnaire

### 1. Five year history of rates

2013-2017 \$2.66 per 1000 gallons	\$10.00 base rate per household
2017-2019 \$3.21 per 1000 gallons	\$10.00 base rate per household

### 2. Five year history of all utility fees

See attachment 2

The city has a Tap fee of \$ 300.00

### 3. The current customer contract used for new service accounts.

See attachment 3

### 4. Most current three-months of balance sheets and income statements

See attachment 4

### 5. A copy of you debt management policy.

See attachment 5

### 6. A copy of you capitalization policy (by which you decide whether you capitalize versus expense items)

The City of Woodland capitalize see enclosed budget.

Question 3  
2 pgs

City of Woodland Mills, Tennessee  
Utility Rate Structure & Number of Customers  
Last Three Years

	Fiscal Year Ended		
	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>
<i>Sewer Service</i>			
Number of Customers	170	173	176
Base Charge/Customer	\$ 10.00	\$ 10.00	\$ 10.00
Rate/1000 gallons	2.66	2.66	2.66
Average Monthly Sewer Treatment (gallons)	6,245,359	6,598,709	6,339,618
 <i>Refuse Collection</i>			
Number of Customers at June 30	167	169	170
Charge/Customer	\$ 10.00	\$ 11.00	\$ 11.00

Note: Number of customers and rate are the average for the year.

**City of Woodland Mills, Tennessee**  
**Utility Rate Structure & Number of Customers**  
**Last Three Years**

	Fiscal Year Ended		
	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
<i>Sewer Service</i>			
Number of Customers	173	176	172
Base Charge/Customer	\$ 10.00	\$ 10.00	\$ 10.00
Rate/1000 gallons	2.66	2.66	2.66
Average Monthly Sewer Treatment (gallons)	6,598,709	6,339,618	4,666,140
<i>Refuse Collection</i>			
Number of Customers at June 30	169	170	168
Charge/Customer	\$ 11.00	\$ 11.00	\$ 13.00

Note: Number of customers and rate are the average for the year.

**City of Woodland Mills, Tennessee**  
**Utility Rate Structure & Number of Customers**  
**Last Three Years**

	Fiscal Year Ended		
	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>
<i>Sewer Service</i>			
Number of Customers	172	173	170
Base Charge/Customer	\$ 10.00	\$ 10.00	\$ 10.00
Rate/1000 gallons	2.66	2.66	2.66
Average Monthly Sewer Treatment (gallons)	6,061,425	5,568,492	5,010,233
<i>Refuse Collection</i>			
Number of Customers at June 30	168	169	166
Charge/Customer	\$ 13.00	\$ 12.58	\$ 12.00

Note: Number of customers and rate are the average for the year.

Question 2

18-1

**TITLE 18**

**WATER AND SEWERS**

**CHAPTER**

**1. SEWERS.**

**SEWERS**

**SECTION**

**18-101. Sanitary sewer main connection charges.**

**18-101. Sanitary sewer main connection charges.** The tap-on fee for each connection to the municipal sanitary sewer system shall be three hundred dollars (\$300.00), which includes the initial connection inspection fee. (Ord. #5-05, March 2005)

# CITY OF WOODLAND MILLS

P.O. Box 153 \* 201 Cannon Moore Drive \* Woodland Mills, TN 38271 \* (731) 885-8754  
 Fax (731) 885-1841 \* Email: city@woodlandmills.com



## Tennessee Comptroller of the Treasury WWFB Financial Questionnaire

### 1. Five year history of rates

2013-2017 \$2.66 per 1000 gallons	\$10.00 base rate per household
2017-2019 \$3.21 per 1000 gallons	\$10.00 base rate per household

### 2. Five year history of all utility fees

See attachment 2

The city has a Tap fee of \$ 300.00

### 3. The current customer contract used for new service accounts.

See attachment 3

### 4. Most current three-months of balance sheets and income statements

See attachment 4

### 5. A copy of you debt management policy.

See attachment 5

### 6. A copy of you capitalization policy (by which you decide whether you capitalize versus expense items)

The City of Woodland capitalize see enclosed budget.

9:04 AM

05/23/19

Accrual Basis

**City of Woodland Mills - Sewer Fund**  
**Statement of Revenues & Expenses**  
April 2019

	Apr 19	Budget	Jul '18 - Apr 19	YTD Budget	Annual Budget
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
3010 · Sewer Collections City Of UC	3,433.53	3,083.34	37,447.03	30,833.40	37,000.00
3020 · Williams Collections	0.00	15,000.00	167,341.40	150,000.00	180,000.00
3030 · Other Sewer Collections	0.00	25.00	798.00	250.00	300.00
3040 · Connection/Tap Fees	0.00		300.00		
3610 · Interest Income	19.38	25.00	276.80	250.00	300.00
<b>Total Income</b>	<b>3,452.91</b>	<b>18,133.34</b>	<b>206,163.23</b>	<b>181,333.40</b>	<b>217,600.00</b>
<b>Gross Profit</b>	<b>3,452.91</b>	<b>18,133.34</b>	<b>206,163.23</b>	<b>181,333.40</b>	<b>217,600.00</b>
<b>Expense</b>					
5111 · Mayor & Alderman's Salary	200.00	200.00	2,000.00	2,000.00	2,400.00
5152 · Treatment	15,970.85	11,250.00	149,107.74	112,500.00	135,000.00
5249 · Utilities	1,237.70	1,000.00	11,620.56	10,000.00	12,000.00
5253 · Legal, Audit & Accounting	0.00	275.00	2,654.00	2,750.00	3,300.00
5260 · Salary for Waste Station Maint	515.00	515.00	5,150.00	5,150.00	6,180.00
5269 · Repairs & Maintenance	1,270.00	333.34	16,742.11	3,333.40	4,000.00
5295 · Billing	735.30	666.67	7,477.24	6,666.70	8,000.04
5299 · Miscellaneous Expenses	0.00		0.00	0.00	0.00
5510 · Insurance Expense	0.00	416.67	2,259.80	4,166.70	5,000.00
5610 · Investment Interest - GF	0.00	525.00	0.00	5,250.00	6,300.00
5650 · Depreciation Expense	0.00	2,333.34	0.00	23,333.40	28,000.00
7200 · Capital Outlay	0.00	4,000.00	49,125.00	40,000.00	48,000.00
8260 · Contracted Services	600.00	600.00	6,000.00	6,000.00	7,200.00
9852 · Transfers	0.00	41.67	0.00	416.70	500.00
<b>Total Expense</b>	<b>20,528.85</b>	<b>22,156.69</b>	<b>252,136.45</b>	<b>221,566.90</b>	<b>265,880.04</b>
<b>Net Ordinary Income</b>	<b>-17,075.94</b>	<b>-4,023.35</b>	<b>-45,973.22</b>	<b>-40,233.50</b>	<b>-48,280.04</b>
<b>Net Income</b>	<b>-17,075.94</b>	<b>-4,023.35</b>	<b>-45,973.22</b>	<b>-40,233.50</b>	<b>-48,280.04</b>



## Section 2

## 1. The City does have a remedy:

Reduce the following items from Sewer Fund expense budgetary list.

Model 1	Current	Proposed
Mayor /Alderman Salary	2,400	1,200
Insurance	5,000	2,500
Legal and Accounting	3,300	1,650
Total	\$ 10,700	\$5,350

## Model 2

Mayor/ Alderman Salary	2,400	0
Insurance	5,000	0
Legal and Accounting	3,300	0

The City of Woodland Mills will accepted recommendations from the State Water and Wastewater Financing Board.

2. Who has the authority to set rates and fees?  
Board of Mayor and Aldermen
3. How many customers do you have currently?  
1 Commercial 172 Residences all metered billed.
4. What percentage of your sales do the largest ten customers represent on a yearly basis?  
80%
5. Do you have plans for a rate increase or decrease?  
No See attachments
6. What is the justification for the current structure of your rates?  
The account is solvent except for repairs.
7. Do you have written policies for rates and fees?  
Yes See attachments
8. How do you make customers aware of the rates and fees you have in place?  
It's on the bill received monthly.
9. Do you have a capital asset planning /budget?  
Yes. See attached budget.
10. Do you review your capital asset list?  
Yes annually The Auditor and Board.

11. Do you have any environmental issues currently or forthcoming that will put a financial burden on the system?  
NO
12. Do you adjust sewer bills for customers with water leaks?  
YES. The City of Union City adjust the average of a resident water bill for three months.
13. Have you already, or do you plan to incur any new debt during the current fiscal year?  
NO
14. Have you already, or do you plan to receive any grants or capital contributions during the current fiscal year?  
NO
15. Have you applied for grants that will be received over the next two years?  
NO
16. Do you bill based on water usage?  
YES  
Who supplies the usage data?  
City of Union City, TN.38261.  
Are there multiple water suppliers for your customers?  
NO  
Do you have any customers on wells?  
YES  
If so, are they metered?  
NO
17. Do you have any wholesale customers?  
YES  
Do you have written contracts with those customers?  
YES
18. What is your current infiltration and inflow?  
2,800,000 gallons per month.  
Do you have any plans for improving your infiltration and inflow?  
Yes Do Smoke Test and check man holes. Rehab the system.
19. With respect to your governing board, how frequently do you meet and what is your practice of providing notice of your meetings?  
Monthly in the local paper, on the door at office and in the Post Office.
20. Has your governing body met the applicable training requirements?  
Mayor Wade Carrington  
Alderman Todd Wade  
Alderman Tom Menees  
NO We were unaware. We are in process of getting all board members Training.

Section 2-12B

Resolution 2019-1\_\_\_\_\_

A RESOLUTION OF THE CITY OF WOODLAND MILLS  
ADOPTING A PLAN FOR ADJUSTMENT OF WATER BILL

WHEREAS, the Board of Mayor and Aldermen desire to provide for all residents of Woodland Mills an effective way to adjust the sanitation part of a water bill.

This adjustment will be for filling swimming pools, and/or burst pipes leaks that have been repaired.

The bill will be adjusted for an average of a three month period. One adjustment allowed per year per resident property.

This needs to be filed by the City Clerk to the City of Union City City Hall. Data of residents name, Woodland Mills address, and account number will be provided to the City of Union City

NOW, THEREFORE BE IT RESOLVED by the Board of Mayor and Aldermen of the

Town of Woodland Mills this \_\_\_\_\_13\_\_\_\_\_ day of May, 2019, that the Adjustment of Sanitation on the water bill is hereby adopted to provide for better service for the residents of Woodland Mills.

*Nama Dowla*