

Welcome!

- Thank you for coming!
- We appreciate your respectful participation!
- We'll take questions and comments at the end of the meeting. You can also ask questions or get something clarified by calling city hall or contacting us on <http://www.cityofdyertn.com>
- If we can't provide an immediate answer to a substantive question, we **will** get back to you.

Thank you for attending this meeting!
Mayor Chris Younger

What Changed?

TCA 7-82-401(g)(3)

(3) For the purposes of this chapter, a "financially distressed utility district" is a utility district, its system or systems, that, as shown by the audited annual financial reports, has either a deficit in total net position, is in default on an indebtedness, or has a **negative change in net position** for two (2) consecutive years without regard to any grants or capital contributions. For purposes of this section, a "change in net position" means total revenues **less all grants, capital contributions, and expenses.**

TCA 68-221-1010(a)(1)

(1) Within sixty (60) days from the time that an audit of a water system or wastewater facility is filed with the comptroller of the treasury, the comptroller of the treasury shall file with the board the audited annual financial report of any water system or wastewater facility that has a deficit total net position in any one (1) year, **has a negative change in net position for two (2) consecutive years**, or is currently in default on any of its debt instruments. For purposes of this subdivision (aX1), a "change in net position" means total revenues **less all grants, capital contributions, and expenses.**

What is “Net Position”?

- Revenue minus Expenses to maintain and operate the water & wastewater plant
- Excludes Major Purchases (Pumps, Big Equipment, etc)
- Includes *Depreciation*
- Now **EXCLUDES** *Grant Revenue (due to change in law)*

What are the numbers? (Projected 2017-18)

Some Estimates as of May 1, 2017

This is the way the State Makes us keep records

Old Rates:

- Total Water & Sewer Expense: \$763,443.98
- Total Water & Sewer Revenue: \$664,621.00
- Deficit: \$98,822.98

New Rates:

- Total Water & Sewer Expenses: \$763,443.98
- Total Water & Sewer Revenue: \$758,123.17
- Deficit: \$5,320.81
- *We'll watch expenses to avoid actual deficit*

Is the water department broke?

- NO!
- That's what's so silly about the state regulations. We have nearly \$700,000 in the bank for water & sewer and the state is making us save more money.
- Under state regulations, we'll continue to build up cash reserves. (TCA 7-34-114, 7-34-115)

What are the new rates?

- Water Base: \$18.10
 - Per 100 Gallon: \$0.34
 - Sewer Base: \$10.50
 - Per 100 Gallon: \$.41
 - Total Base: \$28.60
 - Total Per 100 Gallon: \$0.75
 - Garbage Doesn't Change
- For 2,000 Gallon Bill:
 - \$57.53 (total)
 - Includes Garbage

Utilities Must Be Self-Sufficient

- “The Governing body of a municipality ... shall prescribe and collect rates, fees or charges ... so that public works shall be and always remain self supporting. The rates, fees or charges prescribed shall be such as will produce revenue at least sufficient to (1) pay all bonds and interest on bonds, (2) provide for all expenses of operation and maintenance of such public works, including reserves for the expenses and maintenance.” (TCA 7-34-114)
- Can't transfer in... (or out – ratepayer vs taxpayer)
- Must use funds to support plant operation and maintenance and establish cash reserves (TCA 7-34-115)

Fund Accounting

- The City Has Three Main funds:
 - General Fund
 - State Street Aid Fund
 - Water & Sewer Fund
- Can't spend tax money on water department.
- Can't spend water money on things like parks, police, fire, roads, sidewalks, etc.

State regulations impact small cities more

- Fewer subscribers to pay large fixed costs
- Doesn't matter if we pump 100,000 gallons or 1,000,000 per day; some costs remain the same
- State used to provide exemptions to small cities
- This may be “good accounting”, but it's hard on small cities

Things we've done

- Cut expenses by finding new ways to do things (bio-solids, new sewer aerators, screw pumps replaced)
- Annually reviewed capital assets to keep depreciation as low as possible
- Contacted State Representatives
- Contacted Comptroller's Office
- Contacted Water & Wastewater Finance Board (regulator)
- Talked with other cities

- There **are** small things we can do, but there are no loopholes that we can find. We've tried everything we can that we know of...

Going forward

- Reclassify some grant purchases so they don't hit the bottom line
- Evaluate water & sewer rates annually to avoid big changes in rates
- Investigate budget pay / levelized billing – same amount every month for eligible subscribers
- Lobby state for exemptions / exceptions to oppressive regulation on small cities
- Online payments for ease of use (credit/debit)

Questions?

- Please limit comments to 3 minutes
- Be respectful so as many people can participate as possible
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