

UTILITIES UPDATE

TGFOA
October 11, 2019

John Greer
Technical Secretary

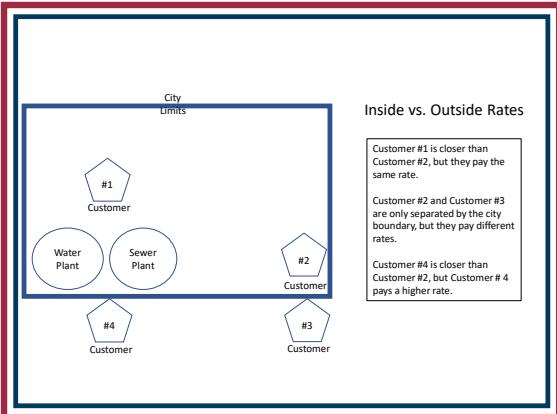
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WWFB

Update

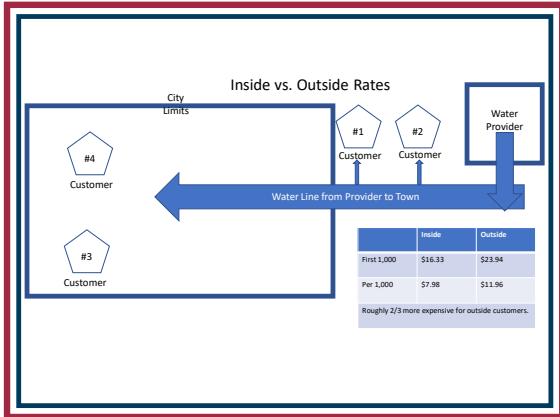
- ➊ 37 orders at September meeting
 - Rate studies
 - Cost of service studies
 - Water loss reduction plans
 - Training
 - Policies
 - ➋ Rates must be reasonable and justifiable
 - ➌ Rates cannot be higher on outside customers unless you have concrete evidence that is cost more to serve them
 - ➍ Water and sewer are not economic incentives

2



3

1



4

BUDGETS

What your budget looks like

WATER & SEWER FUND	Actual FY 2018	Estimated Actual FY 2019		Budget FY 2020
		Inside	Outside	
Cash Receipts:				
Water Sales	\$ -	\$ -	\$ -	-
Sever Fees	-	-	-	-
Tap Fees	-	-	-	-
Sale of Equipment	-	-	-	-
Miscellaneous Other Fees	-	-	-	-
Debt Proceeds	-	-	-	-
Grant Proceeds	-	-	-	-
Total Cash Receipts	\$ -	\$ -	\$ -	-
Appropriations:				
Administrative Department	\$ -	\$ -	\$ -	-
Water Department	-	-	-	-
Sever Department	-	-	-	-
Capital Projects	-	-	-	-
Debt Service - Principal	-	-	-	-
Debt Service - Interest	-	-	-	-
Transfers Out - to other funds (PILOT)	-	-	-	-
Total Appropriations	\$ -	\$ -	\$ -	-
Change in Cash (Receipts - Appropriations)				
Beginning Cash Balance July 1	\$ -	\$ -	\$ -	-
Ending Cash Balance June 30	\$ -	\$ -	\$ -	-

5

BUDGETS

What your budget could look like

GIBSON COUNTY UTILITY DISTRICT TRENTON, TENNESSEE SCHEDULE OF OPERATING EXPENSES For the Year Ended June 30, 2018	
General and administrative expense	
Personnel expenses	503,400
Salaries	37,362
Utilities	34,424
Postage, maintenance and vehicle expense	218,963
Training and travel	16,683
Travel	40,650
Meals	2,000
Entertainment	27,968
Professional fees	16,613
Other expenses	1,000
Professional services	32,168
Engineering and architectural services	40,000
Commissions/reimbursement	94,250
Other professional services	16,000
Billing expenses	51,234
Total general and administrative expense	1,342,671
Other expenses	
Utilities	5,004
Salaries	3,279
Postage, maintenance and vehicle expense	17,667
Maintenance	100
Total other expense	20,941
Property insurance	
Property taxes	200,007
Provision for depreciation and amortization	
Depreciation of plant	178,508
Total operating expenses	3,781,782

6

BUDGETS

Regulatory Budgeting

- ⦿ You should have a budget that mimics your audit
- ⦿ You should not base budgets on hypotheticals
- ⦿ Some projections are fine if based on facts
- ⦿ You should base income projections from a rate study not imaginary growth



7

BUDGETS

More thoughts

- ⦿ Capital asset planning is crucial
- ⦿ You should know every asset in your system and the useful life
- ⦿ You can plan for contingencies
- ⦿ You can put money aside to use to replace assets
- ⦿ Budget for depreciation



8

BUDGETS IN REAL TIME

More thoughts about more thoughts

- ⦿ Monthly reconciliation is a must
- ⦿ One-time annual expenses should be shown monthly (insurance)
- ⦿ If you realize your budget is wrong change it



9

FINANCIAL REPORTS

Monthly

- ➊ Should mimic your audit (stop me if you have heard this before)
- ➋ Best way to avoid audit surprises
- ➌ Depreciation and interest should be shown monthly
 - The cash statement will show when interest is actually paid



10

FINANCIAL REPORTS

Useful

- ➊ Change rates based on real time data
 - If you wait until your audit you are doing it wrong
 - Look at costs not just revenue
- ➋ Learn from the monthly statements
 - Why is our budget off
 - Why are we having surprise costs
 - Why are we losing money
 - Where can we save money
 - Where should we focus our resources
 - Asset replacement
 - Training



11

QUESTIONS



12

CONTACT INFORMATION



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