

**RESOLUTION 18-130**

**RESOLUTION TO AUTHORIZE WRITE OFF OF ACCOUNTS RECEIVABLE  
BALANCES FOR CITY OF SPRING HILL UTILITY ACCOUNTS  
AS OF JUNE 30, 2018**

**WHEREAS**, the City of Spring Hill charges its customers for monthly utility costs, including water, sewer and stormwater; and,

**WHEREAS**, the City of Spring Hill has, in the past, had a practice of not making payments on utility accounts for City facilities with the exception of stormwater charges; and,

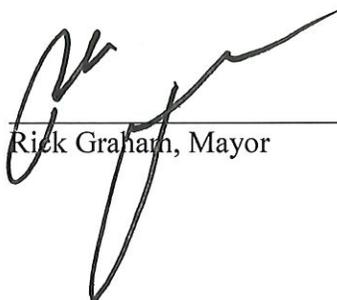
**WHEREAS**, the City of Spring Hill will begin paying utility charges for City facilities beginning July 1, 2018; and,

**WHEREAS**, there are outstanding balances in the amount of \$241,460.89 in the billing system for City facilities; and,

**WHEREAS**, it is the desire of City staff and the Board of Mayor and Aldermen to clean up the financial records for those accounts by removing the balances as of June 30, 2018.

**NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF SPRING HILL, TENNESSEE**, that City staff is authorized to take appropriate action to write off the City utility account balances not to exceed \$241,460.89 listed on Exhibit "A" which is attached hereto and incorporated herein.

Passed and adopted this 20<sup>th</sup> day of August, 2018.

  
\_\_\_\_\_  
Rick Graham, Mayor

ATTEST:

  
\_\_\_\_\_  
April Goad, City Recorder

LEGAL FORM APPROVED:  
  
\_\_\_\_\_  
Patrick Carter, City Attorney



**City of Spring Hill  
Budget & Finance Advisory Committee  
and  
Board of Mayor and Aldermen**

**Write Off of Receivables for City of Spring  
Hill Utility Accounts**

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Date: August 1, 2018

Memo to: Budget & Finance Advisory Committee and BOMA

From: Patti Amorello, Finance Director

Re: Write-off of receivables (utility accounts) for City facilities

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**RESOLUTION 18-130 – A RESOLUTION TO AUTHORIZE WRITE OFF OF ACCOUNTS RECEIVABLE BALANCES FOR CITY OF SPRING HILL UTILITY ACCOUNTS AS OF JUNE 30, 2018 - FINANCE DEPARTMENT.**

**BACKGROUND INFORMATION:** Historically, City of Spring Hill departments have not paid utility bills for water and sewer. Tennessee Code Annotated requires that all municipal departments pay utility bills to their utility funds. A copy of TCA and a “State of Tennessee FAQ-Compliance Questions in Municipal Budgeting” is attached. It explains that state statutes require that a municipality’s utility charge the municipality the same rate for service as any other customer.

We *are* able to charge our utilities for payments in lieu of tax and direct and properly allocated and disclosed indirect costs, which we do. By subsidizing our General Fund with utility funds (by not charging them for water and sewer), we have not been in compliance with TCA.

Our Utility Billing Coordinator has been working to add the appropriate services/charges to City utility accounts and we will begin paying our bills with the new fiscal year as shared in an email to the Board on April 26<sup>th</sup>. In order to clear the unpaid balances, we have adjusted them off of the respective accounts. The total unpaid balances in the City accounts as of June 30, 2018 was \$241,460.89.

Resolution 18-130 authorizes write off of the City account balances at June 30<sup>th</sup>.

**ATTACHMENTS:** Resolution 18-130; Exhibit A – City of Spring Hill Accounts Balances at 6/30/18, State of Tennessee Municipal Budget Compliance FAQ’s, excerpt from TCA 7-34-108..

**RECOMMENDATION:** Approve Resolution 18-130

## EXHIBIT A

## CITY UTILITY ACCOUNT BALANCES AS OF 6/30/18

Account Number	Contact Name	Service Address	Status	Balance
18-010686-01	CITY OF SPRING HILL	1030 CROSSINGS BLVD FL SPRING HILL TN	Active	\$ 0.38
15-010003-01	CITY OF SPRING HILL	1000 WORTHINGTON GLN 39 41 SPRING H	Active	\$ 4.28
18-010602-01	CITY OF SPRING HILL	0 CIRCUIT CITY FIRE LINE SPRING HILL T	Active	\$ 7.52
06-015008-00	CITY OF SPRING HILL	4008 FL PARKFIELD LOOP N SpringHill TN	Active	\$ 11.69
10-003997-01	CITY OF SPRING HILL-WW	0 P R LIFT STA SPRING HILL TN 37174	Active	\$ 30.32
01-001913-01	CITY OF SPRING HILL-PR	301 TOONE PRADOS ST 1 SPRING HILL TN	Active	\$ 45.58
18-009981-01	CITY OF SPRING HILL	0 FIRE LINE PET SMART SPRING HILL TN	Active	\$ 48.71
09-000331-00	CITY OF SPRING HILL	2105 1 WALL ST SPRINGHILL TN 37174	Active	\$ 63.93
15-019259-01	CITY OF SPRING HILL	1000 WORTHINGTON GLEN LN H SPRING	Active	\$ 76.20
15-030019-00	CITY OF SPRING HILL	2019-2013 FL HUYANA WAY SpringHill TN	Active	\$ 85.84
01-012032-00	CITY OF SPRING HILL	756 FL BEECHCROFT RD SPRINGHILL TN	Active	\$ 91.56
01-002437-01	CITY OF SPRING HILL-IT/GIS	407 MCLEMORE ST SPRING HILL TN 37174	Active	\$ 94.68
09-001380-00	CITY OF SPRING HILL	2070 FL WALL ST SPRINGHILL TN 37174	Active	\$ 111.02
09-001671-00	CITY OF SPRING HILL	2001 A FL CAMPBELL STATION PKWY SPR	Active	\$ 111.02
09-002671-00	CITY OF SPRING HILL	2001 B FL CAMPBELL STATION PKWY SPR	Active	\$ 111.02
17-001261-00	CITY OF SPRING HILL	3000 FL BELSHIRE WAY SPRINGHILL TN	Active	\$ 111.02
02-003041-00	CITY OF SPRING HILL	3639 FL ROYAL PARK BLVD SPRINGHILL	Active	\$ 149.94
11-011291-00	CITY OF SPRING HILL	1027 FL IRISH WAY SPRINGHILL TN 37174	Active	\$ 149.94
06-017001-00	CITY OF SPRING HILL	3833 FL OLD PORT ROYAL RD N SPRINGH	Active	\$ 160.65
18-000113-00	CITY OF SPRING HILL	2056 FL CROSSINGS BLVD SPRINGHILL TN	Active	\$ 160.65
15-006078-00	CITY OF SPRING HILL	1060 1078 FIRE LINE NEELEY'S BEND TRL	Active	\$ 166.33
09-000676-00	CITY OF SPRING HILL	2001 FL CAMPBELL STATION PKWY SPRIN	Active	\$ 171.36
18-000101-00	CITY OF SPRING HILL	2068 FL CROSSINGS CRK SPRINGHILL TN	Active	\$ 171.36
05-015999-01	CITY OF SPRING HILL	0 FIRE LINE SPRING STA MID SPRING HIL	Active	\$ 171.68
01-002097-00	CITY OF SPRING HILL	701 FL BEECHCROFT RD SPRINGHILL TN	Active	\$ 177.32
09-001008-00	CITY OF SPRING HILL	3090 FL CAMPBELL STATION PKWY SPRIN	Active	\$ 181.16
19-005176-00	CITY OF SPRING HILL	2929 FL COMMONWEALTH DR SPRINGHIL	Active	\$ 181.16
09-000596-01	CITY OF SPRING HILL	4937 MAIN ST FL SPRING HILL TN 37174	Active	\$ 182.92
09-001007-00	CITY OF SPRING HILL	4006 FL O'HALLORN DR SPRINGHILL TN	Active	\$ 185.08
09-008000-00	CITY OF SPRING HILL	2010 FL HEMLOCK DR SpringHill TN 37174	Active	\$ 194.54
09-008001-00	CITY OF SPRING HILL	2040 FL HEMLOCK DR SpringHill TN 37174	Active	\$ 194.54
09-008002-00	CITY OF SPRING HILL	2066 FL HEMLOCK DR SpringHill TN 37174	Active	\$ 194.54
09-008003-00	CITY OF SPRING HILL	2075 FL HEMLOCK DR SpringHill TN 37174	Active	\$ 194.54
09-008004-00	CITY OF SPRING HILL	2089 FL HEMLOCK DR SpringHill TN 37174	Active	\$ 194.54
09-008005-00	CITY OF SPRING HILL	6009 FL DUPONT CV SpringHill TN 37174	Active	\$ 217.89
02-002472-00	CITY OF SPRING HILL	5351 FL MAIN ST SpringHill TN 37174	Active	\$ 219.10
02-003358-00	CITY OF SPRING HILL-PR	632 MCLEMORE AVE SpringHill TN 37174	Active	\$ 242.48
19-022201-00	CITY OF SPRING HILL	201 217 OLDBURY LN SPRINGHILL TN 371	Active	\$ 242.86
06-016059-01	CITY OF SPRING HILL	4900 PORT ROYAL RD FL SPRING HILL TN	Active	\$ 265.84
03-000701-00	CITY OF SPRING HILL	8083 FL STATION HILL DR SPRINGHILL TN	Active	\$ 297.47
11-011580-00	CITY OF SPRING HILL	2025 FL SHAMROCK DR SpringHill TN 37174	Active	\$ 322.35
14-016887-00	CITY OF SPRING HILL	2793 FL BUCKNER LN SpringHill TN 37174	Active	\$ 322.35
09-007038-01	CITY OF SPRING HILL	2031 HEMLOCK DR 2 SPRING HILL TN 371	Active	\$ 333.05
11-011138-00	CITY OF SPRING HILL	1051 FL IRISH WAY SpringHill TN 37174	Active	\$ 334.04
01-001971-01	CITY OF SPRING HILL-FIRE #1	440 BEECHCROFT RD SPRING HILL TN 371	Active	\$ 346.64
06-016058-01	CITY OF SPRING HILL	4900 PORT ROYAL RD SPRING HILL TN 37	Active	\$ 369.06
01-002073-01	CITY OF SPRING HILL-PR	575 MAURY HILL ST SPRING HILL TN 3717	Active	\$ 379.03
02-003018-01	CITY OF SPRING HILL-POLICE DE	3636 ROYAL PARK BLVD STM SPRING HIL	Active	\$ 390.39
19-021000-00	CITY OF SPRING HILL	300 310 OLDBURY LN SPRINGHILL TN 371	Active	\$ 393.20
02-003017-00	CITY OF SPRING HILL-PW-WW	3893 2 MAHLON MOORE RD SPRINGHILL	Active	\$ 424.01
15-010034-00	CITY OF SPRING HILL	4034 4046 COMMONS DR SPRINGHILL TN	Active	\$ 471.84
01-005081-01	CITY OF SPRING HILL	220 TOWN CENTER PKWY FL SPRING HILL	Active	\$ 485.03

Account Number	Contact Name	Service Address	Status	Balance
20-000022-01	CITY OF SPRING HILL	1001 CHAPMANS XING FL SPRING HILL TN	Active	\$ 541.52
15-010001-00	CITY OF SPRING HILL	4001 4021 COMMONS DR SPRINGHILL TN 3	Active	\$ 550.48
15-010014-00	CITY OF SPRING HILL	4014 4032 COMMONS DR SPRINGHILL TN 3	Active	\$ 550.48
15-010023-00	CITY OF SPRING HILL	4023 4027 COMMONS DR SPRINGHILL TN 3	Active	\$ 550.48
02-003010-02	CITY OF SPRING HILL-PUBLIC WK	0 NEW SHOP SPRING HILL TN 37174	Active	\$ 609.47
03-005010-03	CITY OF SPRING HILL-LIBRARY	144 KEDRON PKWY SPRING HILL TN 37174	Active	\$ 614.34
19-010200-00	CITY OF SPRING HILL	200 FL OLDBURY LN SPRINGHILL TN 3717	Active	\$ 757.53
19-011000-00	CITY OF SPRING HILL	101 FL PADSTONE LN SPRINGHILL TN 371	Active	\$ 757.53
11-000100-01	CITY OF SPRING HILL-WATER	4151 KEDRON RD SPRING HILL TN 37174	Active	\$ 782.68
03-006096-01	CITY OF SPRING HILL-CITY HALL	199 TOWN CENTER PKWY SPRING HILL TN	Active	\$ 786.39
01-002050-01	CITY OF SPRING HILL-SR CITIZEN	563 MAURY HILL ST SPRING HILL TN 3717	Active	\$ 792.36
02-003486-01	CITY OF SPRING HILL-PR	114 WALNUT ST SPRING HILL TN 37174	Active	\$ 806.93
15-001000-00	CITY OF SPRING HILL	1073 FL NEELEY'S BND SPRINGHILL TN 37	Active	\$ 886.64
09-000111-00	CITY OF SPRING HILL	BL 106 111 WOODLAND TRACE TRCE SPR	Active	\$ 986.88
01-001716-01	CITY OF SPRING HILL-PR	0 EVANS PARK SPRING HILL TN 37174	Active	\$ 1,096.71
17-000856-01	CITY OF SPRING HILL	4959 MAIN ST FL SPRING HILL TN 37174	Active	\$ 1,379.37
01-001912-01	CITY OF SPRING HILL-PR	301 TOONE PRADOS ST 2 SPRING HILL TN	Active	\$ 1,418.35
15-011169-00	CITY OF SPRING HILL	3033 FL JOSEPH DR SpringHill TN 37174	Active	\$ 2,023.60
01-004999-01	CITY OF SPRING HILL	0 WESTVIEW FIRE LINE WVFL SPRING HIL	Active	\$ 2,237.92
09-001003-02	CITY OF SPRING HILL-FIRE#3	4000 CAMPBELL STATION PKWY SPRING	Active	\$ 2,293.74
15-011148-01	CITY OF SPRING HILL	3001 JOSEPH DR 2 SPRING HILL TN 37174	Active	\$ 2,531.44
15-006740-03	CITY OF SPRING HILL	3015 DENA LN FL SPRING HILL TN 37174	Active	\$ 2,610.08
15-006819-02	CITY OF SPRING HILL	3001 DENA LN FL SPRING HILL TN 37174	Active	\$ 2,610.08
15-006857-02	CITY OF SPRING HILL	1041 MUNA CT FL SPRING HILL TN 37174	Active	\$ 2,610.08
11-011553-01	CITY OF SPRING HILL	2022 SHAMROCK DR FL SPRING HILL TN 3	Active	\$ 2,860.40
15-010002-01	CITY OF SPRING HILL	1000 WORTHINGTON GLN B SPRING HILL	Active	\$ 4,094.01
02-004231-01	CITY OF SPRING HILL-PR	0 HARVEY PARK SPRING HILL TN 37174	Active	\$ 4,137.20
01-002665-01	CITY OF SPRING HILL	0 DEAD END PATRIOT DR SPRING HILL TN	Active	\$ 4,622.60
06-007331-00	CITY OF SPRING HILL-FIRE#2	4273 PORT ROYAL RD SpringHill TN 37174	Active	\$ 5,924.70
01-000032-01	CITY OF SPRING HILL	0 DEPOT ST 7 SPRING HILL TN 37174	Active	\$ 6,963.99
02-003021-01	CITY OF SPRING HILL-PW-WW	3893 MAHLON MOORE RD SPRING HILL TN	Active	\$ 8,279.16
06-007337-00	CITY OF SPRING HILL-PR	4285 PORT ROYAL RD SPRINGHILL TN 371	Active	\$ 163,550.10
			Total	\$ 241,460.89



## FAQ – COMPLIANCE CONSIDERATIONS IN MUNICIPAL BUDGETING

### GENERAL

#### 1. Must a municipality adopt a budget to appropriate monies before spending them?

All municipalities must appropriate monies before they may be spent. All municipalities must adopt an annual budget ordinance to appropriate monies. Any increases or new spending after the adoption of the original operating and capital budget ordinance require adoption of a budget amendment ordinance prior to the new or additional spending.

Tennessee Constitution Article 2 § 24, T.C.A. § 9-1-116, Municipal Budget Law of 1982 (T.C.A. §§ 6-56-203 and 6-56-208), General Law City Manager-Commission Charter (T.C.A. § 6-22-124), and General Law Modified City Manager-Council Charter (T.C.A. § 6-35-308)

#### 2. Are budgets on the accrual, modified accrual, or cash basis of accounting?

By State statutes municipal budgets are on a cash-basis.

Tennessee Constitution Article 2 § 24, T.C.A. § 9-1-116, T.C.A. § 9-21-403, Municipal Budget Law of 1982 (T.C.A. §§ 6-56-203 and 6-56-208), General Law City Manager-Commission Charter (T.C.A. § 6-22-124), and General Law Modified City Manager-Council Charter (T.C.A. § 6-35-308)

#### 3. What is the classification level for municipal appropriations?

Appropriations within a fund are made at the organizational unit level (department, office, agency, etc.) by all municipalities except for the Modified City Manager-Council General Law Charter. Some examples are police department, fire department, public works department, debt management, department of administration, and office of the mayor.

Municipal Budget Law of 1982 (T.C.A. § 6-56-203(1)) and the General Law City Manager-Commission Charter (T.C.A. § 6-22-122)

**4. Do transfers between funds need to be appropriated?**

All monies transferred between funds must be appropriated either in the original budget ordinance or by a budget amendment ordinance.

Tennessee Constitution Article 2 § 24, T.C.A. § 9-1-116, Municipal Budget Law of 1982 (T.C.A. §§ 6-56-203 and 6-56-208), General Law City Manager-Commission Charter (T.C.A. § 6-22-124), and General Law Modified City Manager-Council Charter (T.C.A. § 6-35-308)

**5. Do transfers between appropriations in a fund need to be by ordinance?**

Yes, all municipalities budgeting pursuant to the Municipal Budget Law of 1982 may authorize the budget officer to transfer moneys from one appropriation to another within the same fund, subject to such limitations and procedures as it may prescribe. Transfers between appropriations in a fund must be reported to the governing body at its next regular meeting and be entered in the minutes.

T.C.A § 6-56-209

**6. Can expenditures that have been appropriated be made if there are no monies to support them?**

No, expenditures cannot be made unless monies are available to support them.

Tennessee Constitution Article 2 § 24, T.C.A. § 9-1-116, and § 9-21-403(c)

**7. Is the requirement for a balanced budget only for the original legal budget?**

No, budgets must be monitored and amended throughout the fiscal year to ensure they remain balanced on a cash basis.

Tennessee Constitution Article 2 § 24, T.C.A. § 9-1-116

**8. Must the municipality file its budget with the Comptroller's Office of State and Local Finance?**

Yes, all municipalities must file their annual budgets with the Office of State and Local Finance.

T.C.A. § 4-3-305

## **BUDGETARY REVENUES**

### **Property Tax Levy**

**1. When are property taxes due and payable?**

Property taxes are due and collectible on the first Monday in October.

T.C.A. § 67-1-701

**2. When must a municipality adopt its tax ordinance?**

- Municipal Budget Law of 1982

Municipalities must adopt their tax levy by ordinance at the same time or after the adoption of the annual operating and capital budget ordinance.

T.C.A. § 6-56-207

- City Manager-Commissioner General Law Charter

A tax levy ordinance is adopted at time the finance director submits a certified statement of the total amount of the assessment of the taxable property for the year within the city limits, and a certified statement of the revenue derived by the city from other sources.

T.C.A. § 6-22-107

**3. Can a municipality amend its tax levy ordinance?**

Yes, the property tax levy ordinance can be amended if the amendment ordinance can be adopted before the taxes become due on the first Monday in October.

T.C.A. § 67-1-702(a), Office of the Attorney General Opinion 04-149

### **Restricted Revenues**

**4. What are restricted revenues?**

Restricted revenues can only be spent on the specific purposes authorized by law or third party agreement. Some examples are utility revenues, grant revenues, gasoline and motor fuel taxes, solid waste collections fees, and drug fines and forfeitures.

**5. Can restricted revenues be transferred from one fund to another for purposes not specifically authorized by law or third party agreement?**

No, monies cannot be transferred from one fund to another if they are from restricted revenues. Restricted revenues that are improperly transferred must be repaid.

**Transfers**

**What is a transfer?**

A transfer is not a loan. It represents an expenditure or expense for budgetary purposes.

A transfer is a budgetary action where money is appropriated as a transfer of money from one fund to another fund. The money becomes revenue to the recipient fund.

**SPECIFIC GENERAL LAW REQUIREMENTS**

**What budget requirements are specific to City Manager-Commissioner General Law Charter municipalities?**

The appropriation ordinance must be adopted before July 1 of the fiscal year.

T.C.A. § 6-22-124(b)

There is no statutory authority for a municipality operating pursuant to a City Manager-Commissioner General Law Charter to adopt or operate under a continuation budget.

Budget amendments for increased appropriation may only be made after the city manager certifies in writing to the commissioners that sufficient unappropriated revenue is available.

T.C.A. § 6-22-124(c)

**MUNICIPAL UTILITIES**

**Revenues**

**1. What are the requirements concerning municipal utility revenues and operations?**

All municipal utility systems must be operated on sound business principles as self-sufficient entities.

- User charges, rates, and fees must be sufficient to meet the actual cost of providing the services rendered by a utility system.
- Actual costs of providing services include:
  - Payment of all operating expenses which include depreciation

- Principal and interest on debt
- Acquisition and improvement of the utility system
- Other obligations incurred in the operation and maintenance of the system and furnishing of services
- Contingencies
- Extinguishment of debt
- Creation and maintenance of a cash working fund
- Payment-in-Lieu of Taxes
- Pension costs
- Any surplus after the establishment of proper reserves must be used to reduce rates.
- The various departments of a municipality must be charged the same rate as other customers for the use of a system's services.
- Please note that no public works can operate for gain or profit or as a source of revenue to a governmental entity, but shall operate for the use and benefit of the consumers served by such public works and for the improvement of the health and safety of the inhabitants of the area served.

Reference: TCA §§ 7-34-108, 114, and 115

**2. Can the general fund or another fund's monies be used to subsidize the operations of a municipal utility?**

No, the Municipal Utility Revenue Law (T.C.A. § 7-34-115) requires that all municipal utilities operate as self-sufficient entities. Recent changes to this statute require municipalities to account and report the operations of its water system and/or wastewater facility as enterprise fund(s). Language permitting a subsidy from governmental funds has been removed from the Municipal Utility Revenue Law. The Municipal Utility Revenue Law prohibits the transfer of utility system revenue to another municipal fund, including another utility.

**3. Must a municipality's utilities charge the municipality (including other utilities) for services at the same rate as other customers?**

Yes, State statutes require that a municipality's utility charge the municipality the same rate for service as any other customer.

T.C.A. §§ 7-34-108 and 7-52-116

**4. Can a municipality charge for operating expenses incurred by it on behalf of a utility?**

Yes, a municipality may charge a utility the direct and properly allocated and disclosed indirect operating expenses of the utility incurred on its behalf.

**5. Can a municipality charge itself property tax on its utilities?**

No, but it can charge a payment-in-lieu of taxes not to exceed taxes payable on similar private property or in accordance with the Municipal Electric System Tax Equivalent Law.

T.C.A. § 7-34-115(a)(9) and Title 7 Chapter 52 Part 3 of the Tennessee Code Annotated

**6. What happens if a municipality illegally transfers money from a utility to any other fund or utility?**

A municipality will be in violation of the Municipal Utility Revenue Law and must immediately repay any monies illegally transferred or if it does not have sufficient monies to repay the transfer it must submit a corrective action plan to the Office of the Comptroller to repay and correct the conditions leading to the illegal transfer. Any official in violation of this section is subject to ouster under Title 8 Chapter 47 of the Tennessee Code Annotated.

T.C.A. § 7-34-115(f)

## Tenn. Code Ann. § 7-34-108

Copy Citation

Current through 2017 Regular Session (Chapter 493).

[Tennessee Code Annotated](#) > [Title 7 Consolidated Governments and Local Governmental Functions and Entities](#) > [Municipal Functions](#) > [Chapter 34 Revenue Bond Law](#)

### 7-34-108. Charges to municipality or department.

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Charges shall be made for any service rendered by a public works to a municipality or to any department or works of the municipality, at the rate applicable to other customers taking service under similar conditions. Revenues derived from such service shall be treated as all other revenues.

### History

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Acts 1935 (Ex. Sess.), ch. 33, § 15; C. Supp. 1950, § 4406.55 (Williams, § 4406.48); T.C.A. (orig. ed.), § 6-1308.