



## Non-Refundable Connection Fees

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Dear Reader:

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We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

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**Reference Number:** MTAS-1385

Instead of deposits cities may want to use nonrefundable connection fees. A deposit is recorded as a liability on the statement of net assets and will need to be accounted for as long as the customer has the service. A non-refundable connection fee is recognized as revenue when it is received, and no records need be maintained to keep track of the payment as with a deposit.

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