

MAURY COUNTY BOARD OF PUBLIC UTILITIES
WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF
MAURY COUNTY, TENNESSEE)

FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION,
AND INDEPENDENT AUDITORS' REPORT

JUNE 30, 2013

MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)
FINANCIAL STATEMENTS, SUPPLEMENTAL INFORMATION,
AND INDEPENDENT AUDITORS' REPORT
JUNE 30, 2013
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MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)

OFFICIALS
JUNE 30, 2013

Officials

Larry Chunn, Superintendent

Board Members

Jerry Attkisson

James W. Jones

Robert Farmer

Williams C. Pilkinton

Glen Stewart

YORK, DILLINGHAM & COMPANY, P.L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

LARRY W. YORK, RETIRED

J. MICHAEL DILLINGHAM

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MEMBERS:

AMERICAN INSTITUTE OF C.P.A.'S
TENNESSEE SOCIETY OF C.P.A.'S

INDEPENDENT AUDITORS' REPORT

Maury County Board of Public
Utilities Water System
Maury County, Tennessee

We have audited the accompanying financial statements of the Maury County Board of Public Utilities Water System, a discrete component unit of Maury County, Tennessee, as of and for the year ended June 30, 2013, as listed in the table of contents as pages 3 through 11. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

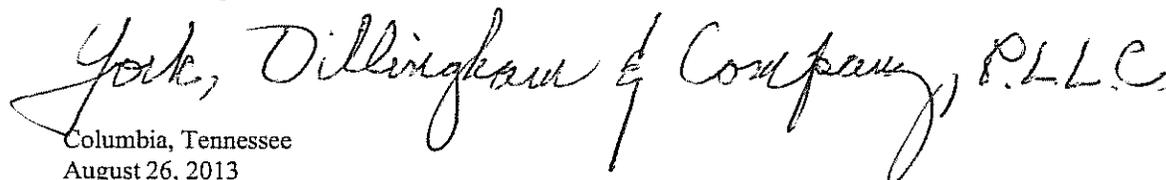
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Maury County Board of Public Utilities Water System, as of June 30, 2013, and the respective changes in financial position, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 26, 2013, on our consideration of the Maury County Board of Public Utilities Water System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed in the table of contents as supporting schedules, pages 12 through 15, is presented for purposes of additional analysis and is not a required part of the financial statements of the Maury County Board of Public Utilities Water System. Such information, except for that portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Maury County Board of Public Utilities Water System has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.


Columbia, Tennessee
August 26, 2013

MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)
STATEMENT OF NET ASSETS
JUNE 30, 2013

ASSETS

Current Assets		
Cash	\$	2,666,095
Investments		2,981,177
Accounts receivable - trade		252,399
Inventory		109,739
Interest receivable on investments		14,532
Retainage deposits - Baron Dowdle		<u>84,356</u>
Total Current Assets		<u>6,108,298</u>
Utility Plant, Property, and Equipment		
Land		502,909
Building		2,136,919
Water grid and improvements		29,487,227
Equipment		<u>992,610</u>
		33,119,665
Less accumulated depreciation		<u>(7,310,142)</u>
Net Utility Plant		<u>25,809,523</u>
Restricted Investments		
Customer deposits (contra)		<u>37,180</u>
	\$	<u><u>31,955,001</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$	30,128
Accrued annual leave		20,588
Accrued salaries		9,077
Retainage payable		81,110
Current portion long-term debt		<u>298,527</u>
Total Current Liabilities		<u>439,430</u>
Other Liabilities		
Customer deposits (contra)		<u>37,180</u>
Long-Term Debt		
SRF loan - 2005-065		2,938,729
SRF loan - 2007-072		1,248,096
Rural Development loan		<u>2,687,615</u>
Total Long-Term Debt		<u>6,874,440</u>
Net Assets		
Invested in capital assets - net of related debt		18,636,556
Restricted for bond repayment		1,650,000
Unrestricted		<u>4,317,395</u>
Total Net Assets		<u>24,603,951</u>
	\$	<u><u>31,955,001</u></u>

The accompanying notes are an integral part of these financial statements.

MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2013

Operating Revenue	
Water sales	\$ 3,521,213
New tap sales	104,000
Penalties	63,711
Other fees and revenue	<u>93,929</u>
Total Operating Revenue	<u>3,782,853</u>
Operating Expenses	
Water purchases	1,228,151
Operation salaries	403,121
Office salaries	179,364
Advertising	1,117
Bad debts	5,150
Continuing education	1,840
Contract services	30,196
Depreciation	683,257
Dues and fees	5,825
Employee insurance and benefits	122,042
Engineering fees	7,504
Insurance	47,542
Legal and professional fees	27,279
Line relocation	8,675
Miscellaneous	32,336
Office expense	78,073
Repairs and maintenance	46,528
Supplies	38,133
Taxes	45,418
Telephone and office utilities	18,869
Travel reimbursement	617
Truck expense	56,844
Utilities - pump stations	60,712
Uniforms	<u>4,990</u>
Total Operating Expenses	<u>3,133,583</u>
Net Operating Income	<u>649,270</u>
Nonoperating Revenue/(Expenses)	
Other income	75,000
Interest income on investments	18,050
Interest income on cash deposits	21,727
Interest expense	<u>(224,076)</u>
Total Nonoperating Revenue/(Expenses)	<u>(109,299)</u>
Change in Net Assets	539,971
Net Assets - Beginning of Year	<u>24,063,980</u>
Net Assets - End of Year	<u>\$ 24,603,951</u>

The accompanying notes are an integral part of these financial statements.

MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2013

Cash Flows From Operating Activities	
Receipts from customers	\$ 3,685,475
Payments to suppliers	(1,228,154)
Payments to employees	(575,254)
Other operating receipts	93,929
Other operating expenses	<u>(624,160)</u>
Net cash provided by operating activities	<u>1,351,836</u>
Cash Flows From Capital and Related Financing Activities	
Cash receipts from sale of plant assets	75,000
Principal payments on long-term debt	(290,926)
Interest paid on long-term debt	(224,076)
Cash payments for the purchase of plant assets	<u>(1,705,850)</u>
Net cash used in capital and related financing activities	<u>(2,145,852)</u>
Cash Flows From Investing Activities	
Interest received on cash deposits	50,446
Cash paid for investments	<u>(28,719)</u>
Net cash provided by investing activities	<u>21,727</u>
Net decrease in cash	(772,289)
Cash, Beginning of Year	<u>3,522,740</u>
Cash, End of Year	<u>\$ 2,750,451</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income	\$ 649,270
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	683,257
Changes in assets and liabilities:	
Receivables, trade	(1,121)
Other liabilities	27,280
Accrual and customer deposits	10,050
Inventory	<u>(16,900)</u>
Net cash provided by operating activities	<u>\$ 1,351,836</u>

The accompanying notes are an integral part of these financial statements.

MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Maury County Board of Public Utilities Water System (the "System") is a discrete component unit of Maury County, Tennessee. The System is governed by a board of directors appointed by the Maury County Mayor and ratified by the commissioners of Maury County. In addition, the Maury County commissioners approve the annual budget of the System.

Basis of Accounting

The System's financial statements have been presented using the economic resources approach and the accrual basis of accounting, except that revenue from water sales is recognized when billed.

The System applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Organization

The System is operated as an enterprise fund with self-balancing accounting records. The System does not receive any operating revenues from Maury County, Tennessee.

Utility Plant and Equipment

The utility plant and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of property or equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Depreciation expense for the year ended June 30, 2013 was \$683,257.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the System considers all investment instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2013. Restricted assets are not treated as part of the System's cash and cash equivalents.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Revenue

The System has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues - Operating revenues generally result from providing water for use or providing related support services to an individual or entity separate from the System.

Nonoperating revenues - Nonoperating revenues are those revenues that do not meet the definition of operating revenues. Nonoperating revenues include gifts, investment income, and insurance reimbursements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Inventory

The System's inventory of supplies is stated at cost using the first in, first out method. The costs of inventory items are recognized as expenditures in governmental funds when purchased, since they are not of a material nature, and as expenses in the enterprise fund when used.

NOTE B - ACCOUNTS RECEIVABLE

Customer receivables are composed of the following aged categories:

Current billings	\$ 255,971
30 days past due	(1,664)
60 days past due	(5,382)
90 days past due	<u>3,474</u>
	<u>\$ 252,399</u>

Bad debts are determined and written off only by direct action of the System's Board. The amount of \$5,150 was written off for 2013.

NOTE C - DEPOSITS AND INVESTMENTS

Deposits

The System is subject to the Tennessee statute which requires deposits in financial institutions be secured and collateralized by such institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions, less the amount protected by federal depository insurance. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

Custodial credit risk is the risk that in the event of a bank failure, the System's deposits may not be returned to it. As of June 30, 2013, all deposits were insured or collateralized.

Investments consist of certificates of deposit with financial institutions with original maturities of over three months and not over one year. The System's policy is to hold these investments to maturity, therefore, there is no interest rate risk that will adversely affect the fair value of the investments.

NOTE D - RESTRICTED ASSETS

The restricted assets represent investment of construction reserves and customer deposits. The customer deposits are not available for operation of the System and are held in trust. The deposits at June 30, 2013, included \$37,180 for meter deposits of current customers.

NOTE E - UTILITY PLANT, PROPERTY, AND EQUIPMENT

Major classifications of the utility plant and equipment and their respective depreciable lives are summarized below:

Depreciable Lives (In Years)	
Water grid and improvements:	50-100
Water mains	40
Water towers and stations	40
Water meters	10-40
Casting and valves	20-50
Other capitalized costs	40
Equipment and fixtures:	
Trucks	5
Small tools and equipment	3-5-10
Office furniture and equipment	5-10

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013
Capital assets, not being depreciated:				
Land	\$ 502,909	\$ -	\$ -	\$ 502,909
Construction in process	464,436	1,439,006	1,903,442	-
Total capital assets, not being depreciated	<u>967,345</u>	<u>1,439,006</u>	<u>1,903,442</u>	<u>502,909</u>
Capital assets, being depreciated:				
Building	233,477	1,903,442	-	2,136,919
Water Grid & Improvements	29,439,967	151,445	104,185	29,487,227
Equipment & Fixtures	<u>778,237</u>	<u>214,373</u>	<u>-</u>	<u>992,610</u>
Total capital assets, being depreciated	<u>30,451,681</u>	<u>2,269,260</u>	<u>104,185</u>	<u>32,616,756</u>
Less accumulated depreciation:				
Building	87,470	31,050	-	118,520
Water Grid & Improvements	5,925,159	585,474	-	6,510,633
Equipment & Fixtures	<u>614,256</u>	<u>66,733</u>	<u>-</u>	<u>680,989</u>
Total accumulated depreciation	<u>6,626,885</u>	<u>683,257</u>	<u>-</u>	<u>7,310,142</u>
Total capital assets, being depreciated, net	<u>23,824,796</u>	<u>1,586,003</u>	<u>104,185</u>	<u>25,306,614</u>
Total capital assets, net	<u>\$ 24,792,141</u>	<u>\$ 3,025,009</u>	<u>\$ 2,007,627</u>	<u>\$ 25,809,523</u>

NOTE G - ACCRUED LEAVE

Accumulated annual leave at June 30, 2013, amounts to \$20,588. It is the System's policy to accrue vacation annually for full-time personnel and charge employee benefits. The policy provides two weeks annual leave for personnel with one to five years continuous service, three weeks for six to eleven years of service and increasing amounts up to five weeks for service up to twenty-five years.

NOTE H - RISK MANAGEMENT

The System is exposed to losses that could arise from torts; asset theft, damage, or destruction; business interruption; errors or omissions; job-related illnesses or injuries to employees; acts of nature; accident, health, dental, and other medical benefits to employees. Potential losses are covered by commercial insurance.

The System has not been involved in any significant litigation during the last four fiscal years.

NOTE I - LONG-TERM DEBT

BONDS PAYABLE

The System's bonds payable are liabilities derived from various system water line upgrades, extensions, and improvements.

Bonds payable consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
2006 State Revolving Loan Fund DWSRF 2005-065: The principal will be amortized over 20 years with monthly payments of \$21,623 and an interest rate of 2.42%	\$ 3,124,647	\$ 3,306,121
2008 State Revolving Loan Fund DWSRF 2007-072: The principal will be amortized over 20 years with monthly payments of \$8,679 and an interest rate of 2.42%	1,321,080	1,392,324
2006 USDA Rural Development Loan: The principal will be amortized over 38 years with monthly payments of \$12,615 and an interest rate of 4.125%	<u>2,727,240</u>	<u>2,765,447</u>
Total	7,172,967	7,463,892
Less current portion	<u>298,527</u>	<u>290,925</u>
Total long-term bonds payable	<u>\$ 6,874,440</u>	<u>\$ 7,172,967</u>

NOTE I - LONG-TERM DEBT (CONTINUED)

BONDS PAYABLE

Business-type activities - Bonds payable

Beginning Balance July 1, 2012	Reductions	Ending Balance June 30, 2013	Due Within One Year
<u>\$ 7,463,892</u>	<u>\$ (290,925)</u>	<u>\$ 7,172,967</u>	<u>\$ 298,527</u>

The principal and interest requirements for outstanding bonds as of June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	298,527	216,477	515,004
2015	306,551	208,453	515,004
2016	314,767	200,237	515,004
2017	323,237	191,767	515,004
2018	331,938	183,066	515,004
2019-2023	1,798,963	776,057	2,575,020
2024-2028	1,860,358	520,021	2,380,379
2029-2033	417,209	357,043	774,252
2034-2038	491,258	265,642	756,900
2039-2043	603,551	153,349	756,900
2044-2048	<u>426,608</u>	<u>27,637</u>	<u>454,245</u>
Total	<u>\$ 7,172,967</u>	<u>\$ 3,099,749</u>	<u>\$ 10,272,216</u>

NOTE J - SUBSEQUENT EVENTS

The System considers events and transactions that occur after the statement of net assets, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require disclosure. These financial statements were issued on August 26, 2013, and subsequent events have been evaluated through that date.

SUPPLEMENTAL INFORMATION

MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)
SCHEDULE OF ADDITIONS AND RETIREMENTS TO UTILITY PLANT
YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Completion or</u> <u>Retirements</u>	<u>Balance</u> <u>June 30, 2013</u>
Land	\$ 502,909	\$ -	\$ -	\$ 502,909
Construction in process	464,436	1,439,006	1,903,442	-
Building	233,477	1,903,442	-	2,136,919
Water Grid and Improvements:				
Water mains	22,103,163	-	104,185	21,998,978
Water towers and stations	3,221,073	98,826	-	3,319,899
Water meters	2,323,014	48,944	-	2,371,958
Casting and valves	763,734	3,675	-	767,409
Other capitalized costs	1,028,983	-	-	1,028,983
Total Water Grid and Improvements	<u>29,439,967</u>	<u>151,445</u>	<u>104,185</u>	<u>29,487,227</u>
Equipment and Fixtures:				
Equipment	527,439	90,699	-	618,138
Office equipment	167,588	60,401	-	227,989
Office furniture	83,210	63,273	-	146,483
Total Equipment and Fixtures	<u>778,237</u>	<u>214,373</u>	<u>-</u>	<u>992,610</u>
	<u>\$ 31,419,026</u>	<u>\$ 3,708,266</u>	<u>\$ 2,007,627</u>	<u>\$ 33,119,665</u>

See auditors' report.

MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)

SCHEDULE OF WATER RATES IN FORCE

JUNE 30, 2013

CUSTOMER CHARGE

<u>Residential</u>	<u>Capacity</u>	<u>Monthly Charge</u>
5/8 x 3/4	1.0	\$15.00
3/4 x 3/4	1.67	\$23.00

COMMERCIAL CHARGE

1"	2.67	\$35.00
2"	6.67	\$83.00
3"	10.00	\$123.00
4"	13.33	\$163.00
5"	33.33	\$403.00

Water Usage Billed @\$6.00 per 1,000 gallons

TAP FEES:

RESIDENTIAL METERS	(5/8" BY 3/4")	\$1,700.00
COMMERCIAL	(3/4" BY 3/4")	\$1,800.00
COMMERCIAL	(1" BY 1")	\$2,000.00
ALL OTHER TAPS LARGER THAN 1"		\$2,000.00

PER INCH PLUS ACTUAL COST OF INSTALLATION

(3/4" Over 50 foot long tap - Add \$7.00 per foot)

(1" Over 50 foot long tap - Add \$9.00 per foot)

The TDRA surcharge is \$0.05 per 1,000 gallons imposed by the Duck River Agency is applicable to the above rate to defray the share of water supply benefits provided by TDRA.

Number of customers at year end: 6,677

SCHEDULE OF INSURANCE COVERAGE

JUNE 30, 2013

<u>Company</u>	<u>Policy Number</u>	<u>Coverage</u>
TNRMT	TNRMT	Workmen's Compensation
TNRMT	TNRMT	Vehicles
TNRMT	TNRMT	General Liability
TNRMT	TNRMT	Fidelity bond on all employees
TNRMT	TNRMT	Buildings & Contents

See auditors' report.

MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)
SCHEDULE OF INVESTMENTS
JUNE 30, 2013

<u>Investment Description</u>	<u>Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Costs</u>
Unrestricted				
Certificate of Deposit				
First Farmers & Merchants Bank	413574-1	.30%	03/25/13	\$ 941,970
Total Unrestricted				<u>941,970</u>
Partially Restricted				
Certificate of Deposit				
Community First Bank	12049	1.26%	08/11/13	<u>2,076,387</u>
Total Investments				<u>\$ 3,018,357</u>
Shown on Balance Sheet As:				
Investments				\$ 2,981,177
Restricted Investments				<u>37,180</u>
				<u>\$ 3,018,357</u>

See auditors' report.

AWWA WLCC Free Water Audit Software: Reporting Worksheet

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WAS v4.2

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Water Audit Report for: MAURY COUNTY WATER SYSTEM
 Reporting Year: 2012 7/2012 - 6/2013

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

WATER SUPPLIED		<< Enter grading in column 'E'			
Volume from own sources:	[?] n/a			Million gallons (US) /yr (MG/Yr)	
Master meter error adjustment (enter positive value):	[?] 4	4.953		over-registered	MG/Yr
Water imported:	[?] 8	495.280			MG/Yr
Water exported:	[?] n/a				MG/Yr
WATER SUPPLIED:		490.327			MG/Yr

AUTHORIZED CONSUMPTION					
Billed metered:	[?] 6	398.809		MG/Yr	
Billed unmetered:	[?] n/a			MG/Yr	
Unbilled metered:	[?] n/a			MG/Yr	Pcnt: Value:
Unbilled unmetered:	[?] 6	7.223		MG/Yr	1.25% <input type="radio"/> <input checked="" type="radio"/> 7.223
AUTHORIZED CONSUMPTION:	[?]	406.032		MG/Yr	

Click here: [?] for help using option buttons below

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption)		84.295		MG/Yr	
---	--	---------------	--	--------------	--

APPARENT LOSSES				Pcnt: Value:	
Unauthorized consumption:	[?] 5	1.226		MG/Yr	0.25% <input checked="" type="radio"/> <input type="radio"/>
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed					
Customer metering inaccuracies:	[?] 6	0.120		MG/Yr	0.03% <input checked="" type="radio"/> <input type="radio"/>
Systematic data handling errors:	[?] 8	0.010		MG/Yr	
Apparent Losses:	[?]	1.355			

Choose this option to enter a percentage of billed metered consumption. This is NOT a default value

Real Losses (Current Annual Real Losses or CARL)					
Real Losses = Water Losses - Apparent Losses:	[?]	82.940		MG/Yr	
WATER LOSSES:		84.295		MG/Yr	

NON-REVENUE WATER					
NON-REVENUE WATER:	[?]	91.518		MG/Yr	
= Total Water Loss + Unbilled Metered + Unbilled Unmetered					

SYSTEM DATA					
Length of mains:	[?] 10	455.1		miles	
Number of active AND inactive service connections:	[?] 6	8,016			
Connection density:		18		conn./mile main	
Average length of customer service line:	[?] 10	0.0		ft	(pipe length between curbside and customer meter or property boundary)
Average operating pressure:	[?] 8	90.6		psi	

COST DATA					
Total annual cost of operating water system:	[?] 8	\$3,133,583		\$/Year	
Customer retail unit cost (applied to Apparent Losses):	[?] 10	\$6.00		\$/1000 gallons (US)	
Variable production cost (applied to Real Losses):	[?] 10	\$2,450.00		\$/Million gallons	

PERFORMANCE INDICATORS					
Financial Indicators					
Non-revenue water as percent by volume of Water Supplied:				18.7%	
Non-revenue water as percent by cost of operating system:				7.3%	
Annual cost of Apparent Losses:				\$8,133	
Annual cost of Real Losses:				\$203,202	

Operational Efficiency Indicators					
Apparent Losses per service connection per day:		0.46		gallons/connection/day	
Real Losses per service connection per day*:		N/A		gallons/connection/day	
Real Losses per length of main per day*:		499.35		gallons/mile/day	
Real Losses per service connection per day per psi pressure:				gallons/connection/day/psi	
[?] Unavoidable Annual Real Losses (UARL):		121.19		million gallons/year	

From Above, Real Losses + Current Annual Real Losses (CARL):		82.94		million gallons/year	
[?] Infrastructure Leakage Index (ILI) [CARL/UARL]:		0.68			

* only the most applicable of these two indicators will be calculated

WATER AUDIT DATA VALIDITY SCORE:
 *** YOUR SCORE IS: 73 out of 100 ***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:
 Based on the information provided, audit accuracy can be improved by addressing the following components:

- 1: Master meter error adjustment
- 2: Water Imported
- 3: Billed metered

For more information, click here to see the Grading Matrix worksheet

OTHER AUDITORS' REPORT

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CERTIFIED PUBLIC ACCOUNTANTS

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AMERICAN INSTITUTE OF C.P.A.'S
TENNESSEE SOCIETY OF C.P.A.'S

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Maury County Board of Public
Utilities Water System
Maury County, Tennessee

We have audited the accompanying financial statements of the Maury County Board of Public Utilities Water (the "System") as of and for the year ended June 30, 2013, and have issued our report thereon dated August 26, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the System's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is more than a reasonable possibility that a material misstatement of the System's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, the Maury County commissioners, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



York, Dillingham & Company, P.L.L.C.
Certified Public Accountants
Columbia, Tennessee
August 26, 2013