

AGENDA

Water and Wastewater Financing Board

July 8, 2010

9:00 am

Room 31, Legislative Plaza

301 Sixth Avenue North

(6th Avenue between Charlotte Avenue and Union Street)
Nashville, Tennessee

Call to Order

Approval of Minutes

May 13, 2010

Cases:

City of Allardt	Fentress County
Town of Huntsville	Scott County
City of Lafayette	Macon County
City of Rives	Obion County
Town of Stanton	Haywood County
City of Charlotte	Dickson County
Joint Sewerage System	Sullivan County
Sevier Water Board	Sevier County
Duck River Utility Commission	Coffee County
City of Trimble	Dyer/Obion Counties
City of McLemoresville	Carroll County
Town of Newbern	Dyer County
Town of Byrdstown	Pickett County
Town of Centerville	Hickman County

Status: City of Decherd – leveled billing

Compliance: City of Bolivar Hardeman County
City of Bells Crockett County

Miscellaneous: Cases currently under WWFB jurisdiction
Next meeting September 9, 2010

Open Discussion

Visitors to the Legislative Plaza are required to pass through a metal detector and must present photo identification. Individuals with disabilities who wish to participate in this meeting or to review filings should contact the Office of State and Local Finance to discuss any auxiliary aids or services need to facilitate such participation. Such contact may be in person or by writing, telephone or other means, and should be made prior to the scheduled meeting date to allow time to provide such aid or service. Contact the Office of State and Local Finance (Ms. Joyce Welborn) for further information.

505 Deaderick Street, Suite 1600
James K. Polk State Office Building
Nashville, TN 37243-1402
Telephone (615) 401-7864
Fax (615) 741-5986
Joyce.Welborn@tn.gov

MINUTES
of the
WATER AND WASTEWATER FINANCING BOARD MEETING
MAY 13, 2010
10:00 a.m.

Chairperson Ann Butterworth opened the meeting of the Water and Wastewater Financing Board (WWFB) at Legislative Plaza, Room 31, Nashville, Tennessee.

Board members present and constituting a quorum:

Ann Butterworth, Chairperson, Comptroller Designee

Tom Moss, Designee of Commissioner of Department of Environment and Conservation (TDEC)

Ben Bolton, Representative of Manufacturing Interests

Shirley Fox Rogers, Representative of Municipalities

Grey Scott, Representative of Utility Districts

Kenneth Wiggins, Active employee of a municipal water utility

Drexel Heidel, Active employee of a water utility district

Staff present:

Joyce Welborn, Office of State and Local Finance--Comptroller's Office

Mary-Margaret Collier, Office of State and Local Finance, Comptroller's Office

Bobby Lee, General Counsel—Comptroller's Office

Sharon Schmucker, Office of State and Local Finance, Comptroller's Office

APPROVAL OF MINUTES

A request was made for an amendment to the minutes to recognize that Dennis Dycus attended the meeting and advised against granting a variance. Ms. Rogers made a motion to approve the minutes of November 12, 2009, as amended. Mr. Scott seconded the motion and it was approved.

CASE STUDIES

Town of Mason:

The Town of Mason has been referred to the Board for a negative change in net assets for at least the last four fiscal years based on the 2005 audit. The financial records have been unavailable because of ongoing investigations, which have kept subsequent audits from being prepared. Ms. Welborn requested an indefinite postponement of the case due to the difficulty of making decisions based on an old audit. Ms. Butterworth suggested that the Town work with MTAS to review their business practices. There were no objections to the postponement.

City of Alcoa:

Mr. Wiggins recused himself from the case. The City of Alcoa has been reported for having negative change in net assets for the past three fiscal years in its water and sewer system. Ms. Welborn introduced the Alcoa city manager Mark Johnson to present relevant facts on the case. The Aluminum Company of America, a major customer of the water and sewer system, curtailed some of its operations for the first time since the early 1900's. It is expected that at least some of those operations will resume very soon. Additionally, meters are being installed to monitor the Company's actual usage of the system, which will have a significant positive impact for the system. Because of a number of issues pending, Mr. Johnson requested a one year grace period with no Board action to resolve the issues and monitor the results of those resolutions. Mr. Johnson projected a positive change in net assets in the current fiscal year and the following fiscal year because of capital contributions from developers in the community. After considerable

comments and questions by the Board, Mr. Heidel made a motion that the City of Alcoa return to appear before the Board upon the completion of its FY 10 audit and a cost of service study. Mr. Bolton seconded the motion and the motion carried.

Town of Vonore:

The Town of Vonore has reported a negative change in net assets for the last four fiscal years in its sewer collection system. Newly elected Mayor Larry Summey presented information to update the Board on the status of the case, which had previously been presented in late 2009. The majority of the problem with the system is believed to be caused by rainwater runoff, which hasn't been addressed since the installation of the system. The majority of the manholes in the system have been repaired or raised, and the remaining manholes will be repaired or raised as well. Some additional actions include repairing all known leaks in the pump stations, increasing rates, passing a resolution to allow the enforcement of sewer fees collections, and coming to an agreement with Tellico Area Service System to take over the sewer billing as a method of enforcing the payment of sewer fees along with water bills. Mr. Scott made a motion that the Town of Vonore report to the Board upon the completion of the 2010 audit to determine if the actions taken have been effective. Ms. Rogers seconded the motion and the motion carried.

City of Gatlinburg:

The City of Gatlinburg has been experiencing a negative change in net assets for the last two fiscal years in its water system. The last rate increase occurred in the 1980's. In September 2009, the City passed rate increases effective October 1st of each year from 2009 to 2011 based on recommendations from MTAS. David Beeler, Gatlinburg Finance Director, spoke to the Board and indicated that the rate increases should bring the water system into a positive position at the end of 2012. The City requested the Board monitor the effects of the rate increases annually to determine if the projections are correct. Mr. Wiggins made a motion to endorse the actions of the City and to continue to monitor them for compliance. Mr. Bolton seconded the motion, and it was approved by the Board.

City of Decherd:

The City of Decherd has been experiencing a negative change in net assets for the last two years in its water and sewer system. Mayor Betty Henshaw appeared before the Board. The City has had to make some capital improvements. A shortfall in available funds and some equipment failures have caused a need for additional funding. It has not yet been determined the amount or type of funding. A surcharge has been added to every account to create additional revenues to service the loan payments. The surcharge, which will be removed after the loans have been repaid, will be largely responsible for bringing the system back into a positive position. However, the problem will arise once again when the loan repayments begin. Staff recommended the Board endorse the actions of the City only to reach compliance. Mr. Scott made a motion to approve staff's recommendations and to have the City look into levelized billing for large commercial customers to allow for better planning by the city. Ms. Rogers seconded the motion, and it was approved by the Board.

Town of Huntland:

The Town of Huntland has been experiencing a negative change in net assets for the past two fiscal years in its water system. Prior to June 16, 2009, the last rate increase was in 1996. After a rate study performed by MTAS, the Town plans to increase water rates by 15% effective July 1, 2010. Those rate increases, as well as some policy updates, are in the process of being adopted by the Town. Staff recommends the Board endorse the actions of the Town. Mr. Bolton made a motion to accept staff's recommendation and to endorse the actions of the Town. Mr. Moss seconded the motion, and the motion carried.

City of New Johnsonville:

The City of New Johnsonville has been experiencing a negative change in net assets for at least the last four fiscal years in its water and sewer system. The City increased its rates on May 1st in both 2008 and 2009, which resulted in nearly doubling the rates. The City recently obtained a loan for \$3.5 million to replace some old pipes. Staff recommended the Board endorse the actions of the City of New Johnsonville and continue to monitor the City until compliance is reached. Mr. Scott made a motion to approve the staff's recommendations. Mr. Heidel seconded the motion and the motion carried.

Town of Trimble:

After obtaining a staff-recommended rate study from MTAS, the Town of Trimble has requested a postponement of their appearance before the Board to allow them to work on a plan to correct their problem. Ms. Rogers made a motion approve the request. Mr. Wiggins seconded the motion and the motion carried.

City of Lakeland:

The City of Lakeland has been experiencing a negative change in net assets for the last three fiscal years in its sewer system. Approximately 1,170 of Lakeland's citizens are being served by the City of Memphis as they were served by the City of Memphis prior to annexation by the City of Lakeland. The City has not been receiving revenue from these citizens and is considering charging Memphis a franchise fee. Additionally, approximately 260 customers pay Memphis a monthly bill for lines that the City of Lakeland is maintaining. Lakeland has determined that the 25% rebate Memphis is remitting is not sufficient and has implemented an additional charge to those customers. The City has reduced its level of minimum usage from 12,000 gallons per month to 6,000. Staff has suggested to the City that the level of minimum usage be reduced even further. In March 2010, the City increased its rates 14% for residential customers and 9% for commercial customers. The City also plans to correct several accounting errors specifically as they relate to depreciation. Staff recommended the Board endorse the actions of the City and continue to monitor the status of the City. Mr. Scott made motion to approve staff's recommendations and to strengthen the recommendation on further reducing the minimum usage amount to 3,000 gallons or less unless documentation can be provided supporting a higher minimum usage level. Mr. Moss seconded the motion and the motion carried.

MISCELLANEOUS ITEMS

Jurisdiction List

Ms. Welborn stated that the Board package includes a schedule identifying all systems which are currently under the Board's jurisdiction.

New Legislation

Ms. Welborn distributed copies of Senate Bill 3690 which states that failure include water loss reports in the audit will cause the water to be reported to the Board. The Bill also establishes that government joint ventures will not fall under the Board's jurisdiction.

Next Meeting

Ms. Welborn stated that the next scheduled meeting is July 8, 2010. The meeting time was changed from 10:00 a.m. to 9:00 a.m. CDT.

A motion was made and seconded to adjourn. The motion carried.

Respectfully submitted,

Ann Butterworth
Chairperson

Joyce Welborn
Board Coordinator

City of Allardt

2015 Michigan Avenue

P.O. Box 159

Allardt, TN 38504

931-879-7125

May 25, 2010

State of Tennessee
COMPTROLLER OF THE TREASURY
Office of State and Local Finance
Water and Wastewater Financing Board
James K. Polk State Office Bldg
505 Deaderick Street, Suite 1600
Nashville, TN 37243-1402

RECEIVED
MAY 27 2010
BOND FINANCE

Dear Ms. Welborn,

The City of Allardt is requesting a postponement for the July 8, 2010 meeting with the Water and Wastewater Board. We would like to come to the November 2010 meeting if possible. We would appreciate anything you could do for us.

Sincerely,


Phillip Gernt
Mayor of Allardt



Town of Huntsville

RECEIVED

JUN 04 2010

3053 Baker Hwy
P.O. Box 150
Huntsville, TN 37756

BOND FINANCE

Phone: (423) 663-3471
Fax: (423) 663-9701

May 27, 2010

TO: Tennessee Dept. of Environment & Conservation
Div. of Construction Grants and Loans
MRS. JOYCE WELBORN

From: Town of Huntsville
George W. Potter

Dear Mrs. Welborn,

Thank you for your recent visit to our Town, you and Mr. Majors were very helpful. I am writing you this letter in hopes that you would give us an extension until the month of November, which would allow us sufficient time to have a rate study done by MTAS. Also, myself and the Board of Alderman are aware of the need to increase the rates and this added time would allow us the chance to come up with the best possible way to bring this increase to reality without maybe having to do it all at once. But yet we will have to have our rate study done to find out were we truly are. Thank you again for your recent visit and for your consideration into this matter.

Thanks,

A handwritten signature in cursive script that reads "George W. Potter".

George W. Potter, Mayor
Town of Huntsville

CITY COUNCIL

Loryn Atwell
Richard Bransford
Ruby Flowers
Ronnie Krantz
Steve Turner
Jerry Wilmore, Vice Mayor

City of Lafayette

P.O. BOX 275
LAFAYETTE, TENNESSEE 37083
PHONE 615-666-2194
FAX 615-666-2922

CITY ATTORNEY

Jon A. Wells

James Y. Carter, MAYOR

Annette Morgan, RECORDER

RECEIVED
JUN 17 2010
BOND FINANCE

June 15, 2010

Joyce Welborn
Comptroller of Treasury
TN Utility Management Review Board
414 Union St
Suite 1110
Nashville, TN 37243-1402

Dear Ms. Welborn:

This letter is in response to our wastewater fund meeting in February. The City is in the process of lowering cost of operations; as well as not replacing retiring personnel and additional revenue due to a new industry customer, expected to be in operation September 2010.

MTAS personnel are in the process of performing a financial review of our wastewater system. We spoke with Ralph Cross and he expects to have it completed late July or early August.

I would like to request postponing our meeting with the Board until September's Board meeting.

Your consideration for this request will greatly be appreciated.

Sincerely,



James Carter
City of Lafayette Mayor

JC/am

CITY OF RIVES
495 South Front Street * PO Box 179
Rives, Tennessee 38253
731-536-5689 ph
731-536-0726 fx

RECEIVED
JUN 11 2010
BOND FINANCE

June 8, 2010

Joyce Welborn
St of Tn -Division of Local Finance
505 Deaderick St
Suite 1600
Nashville, TN 37243-1402

Dear Ms. Welborn

The City of Rives is requesting a postponement on the sewer deficit study. We have contacted Mr. Steve Wyatt with MTAS and he has agreed to assist us in the study to correct. At the present time, he is working with two other towns. He has stated to us that it could possibly be August or September before he could assist us with the study or possibly sooner. If you have any question or concerns regarding this matter at this time, please feel free to call.

Sincerely,



Herschel Damons, Mayor
City of Rives

HD/lh

WATER AND WASTEWATER FINANCING BOARD
Case Study

Case: Town of Stanton, Haywood County
Mayor: Alan Sterbinsky
Customers: 264 water, 233 sewer
Water Loss: 11.491%

The Town of Stanton has been experiencing a negative change in net assets for at least the last four fiscal years in its water and sewer system according to the information contained in audited financial statements.

The rates reflected in the June 30, 2009 audit were:

Water

First 2,000 gallons inside	\$5.00 minimum bill
First 2,000 gallons outside	\$7.00 minimum bill
All over	\$1.75 per thousand gallons

Sewer

Flat rate per month	\$3.00
All usage per 1,000 gallons	\$1.75

The basic systems consist of a well, a water plant, two water tanks (350,000 gallons of storage), and a sewer lagoon.

The Town of Stanton contracts with the City of Brownsville to bill and collect all utility services, as well as, operate and maintain the system. All receipts and expenditures related to the utility system are handled through a bank account in the name of Stanton, but controlled by the Brownsville Utility Division. Connection or reconnection fees belong to Brownsville, but any late fees assessed belong to Stanton. The Town of Stanton has two small bank accounts related to the utilities. The major expense from those accounts is \$475 annually paid to CSX railroad as "rent" for lines being run under the tracks.

Brownsville currently collects \$1,616 per month in fees from Stanton for services rendered, but is projected to double that rate soon in order to cover costs.

The Brownsville Utility Division sells water to the Haywood County Utility District. The Town of Stanton also sells to the Haywood County Utility District. The West Tennessee Megasite is in the service area of the Haywood County Utility District. Stanton sells water to the District at a lower cost than does Brownsville Utilities. One action taken by Stanton is to increase that rate of \$0.90 to \$1.40 per thousand gallons to match the Brownsville rate.

The smaller of the two water tanks needs some major work that is projected to costs between \$150,000 and \$200,000. They are considering abandoning the tank because it is not necessary in order to meet the required daily storage amounts.

Even though not requested by the Town, staff recommends the Board delay any decisions regarding the Town until a final plan has been submitted.

TOWN OF STANTON HISTORY FILE				
	Audited 2006	Audited 2007	Audited 2008	Audited 2009
Fiscal Year 6/30				
Water and sewer revenues	\$ 55,964	\$ 78,087	\$ 81,179	\$ 76,062
Other revenues	\$ 2,377	\$ 3,431	\$ 3,338	\$ 2,190
Total Operating Revenues	\$ 58,341	\$ 81,518	\$ 84,517	\$ 78,252
Total Operating Expenses	\$ 103,726	\$ 108,199	\$ 99,381	\$ 98,331
Operating Income	\$ (45,385)	\$ (26,681)	\$ (14,864)	\$ (20,079)
Interest Expense	\$ 948	\$ 864	\$ 1,039	\$ 181
Change in Net Assets	\$ (46,333)	\$ (27,545)	\$ (15,903)	\$ (20,260)
Supplemental Information				
Principal payment	\$ 555	\$ 612	\$ 437	\$ 16,779
Depreciation	\$ 35,598	\$ 35,551	\$ 35,456	\$ 35,335
Water rates				
First 2,000 gallons outside	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
First 2,000 gallons inside	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
All over 2,000 gallons	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75
Wholesale water commercial outside		\$	\$ 150.00	\$ 150.00
Water customers			264	264
Sewer rate				
Flat rate for all per month	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
Per 1,000 gallons	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75
Sewer customers			233	233
Water Loss			9.747%	11.491%

RECEIVED
JUN 28 2010
BOND FINANCE

Town of Stanton
8 Main Street Box 97
Stanton, TN 38069

June 15, 2010

Ms. Joyce Welborn
Board Coordinator
Wastewater and Financing Board
414 Union Street Suite 1110
Nashville, Tennessee 375243-1402

Dear Ms. Welborn,

Thank you for meeting with us in Stanton last month to discuss the status of Stanton as being financially distressed. Per our meeting, we asked Mr. Steve Wyatt from MTAS to conduct a study of Stanton's finances related to Water and Wastewater finances. Attached is a copy of his study. I believe he emailed a copy of this same report to you for your records.

Mr. Wyatt also met with the Stanton Board of Aldermen to discuss the findings of his study. We have agreed to act on his recommendations. During our discussion with Mr. Wyatt, we discussed the fact that Brownsville Utilities will increase its monthly operational fees to Stanton (for water treatment), which was not reflected in the attached study. We have requested documentation from Brownsville Utilities regarding their potential increase in fees so we can add those fees to the projected costs over the coming year(s). Once we know that increase, Mr. Wyatt will include that increase in his study and provide us with updated recommendations.

We have planned a Town Hall meeting during July to let the citizens know that a rate increase will be necessary to resolve our status as financially distressed. At that time, we hope to have both the increased operational costs (from Brownsville Utilities) and the projected rate increase (per Mr. Wyatt's updated study).

After discussion with Mr. Michael Banks (attorney for Stanton), the Stanton Board of Aldermen plan to vote on a resolution in July that will address the rate increase proposed by Mr. Wyatt. I trust this will resolve the issue for the next few years.

I will provide you with another update in July after the Board of Aldermen vote on the proposed resolution. If you need any other information, please let me know (901-258-5002). Also, please let me know the status of the meeting in Nashville currently scheduled for 8 July, 2010.

Thank you for your help and guidance in this issue.

A handwritten signature in black ink that reads "All Sterbinsky". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

Allan Sterbinsky, Ph.D.

Mayor

WATER AND WASTEWATER FINANCING BOARD
Case Study

Case: City of Charlotte, Dickson County
Mayor: Bill Davis
Customers: 407 sewer

The City of Charlotte has been experiencing a negative change in net assets for the last three fiscal years in its sewer system according to the information contained in audited financial statements.

The rates reflected in the June 30, 2009 audit were:

Sewer

Minimum Rate	\$5.00
First 2,000 gallons	\$4.00 per thousand gallons
2,001 – 5,000 gallons	\$4.90 per thousand gallons
5,001 – 10,000 gallons	\$5.50 per thousand gallons
Over 10,000 gallons	\$5.60 per thousand gallons

Water is furnished by the Dickson County Water Authority. The last rate increase was twenty (20) years ago when they were reported to the Wastewater Financing Board. On June 22, 2010, the city council voted to increase the rates 43%. That is projected to generate sufficient revenue to bring the sewer system into financial compliance by June 30, 2011.

Mayor Davis and members of City Council will be at the meeting to explain how the City is planning to solve the problem.

Staff will continue to monitor the financial condition of the City until audited financial statements reflect compliance.

**CITY OF CHARLOTTE
HISTORY FILE**

	Audited 2007	Audited 2008	Audited 2009
Fiscal Year 6/30			
Sewer revenues	\$ 172,028	\$ 179,779	\$ 185,381
Other revenues	\$ 8,616	\$ 16,273	\$ 7,973
Capital Contributions		-	-
Total Operating Revenues	\$ 180,644	\$ 196,052	\$ 193,354
Total Operating Expenses	\$ 227,614	\$ 215,562	\$ 276,597
Operating Income	\$ (46,970)	\$ (19,510)	\$ (83,243)
Interest Expense	\$ 3,920	\$ 5,996	\$ 4,873
Change in Net Assets	\$ (50,890)	\$ (25,506)	\$ (88,116)
<u>Supplemental Information</u>			
Principal payment	\$ 27,826	\$ 20,001	\$ 24,999
Depreciation	\$ 101,867	\$ 102,202	\$ 104,082
Sewer rates			
Minimum rate	\$ 5.00	\$ 5.00	\$ 5.00
First 2,000 gallons	\$ 4.00	\$ 4.00	\$ 4.00
Next 3,000 gallons	\$ 4.90	\$ 4.90	\$ 4.90
Next 5,000 gallons	\$ 5.50	\$ 5.50	\$ 5.50
All over 10,000 gallons	\$ 5.60	\$ 5.60	\$ 5.60
Customers	402	404	407

Mayor
William R. Davis
Vice Mayor
Donald Allen
City Clerk
Bonnie Duke
Jennifer Carlew

City of Charlotte

22 Court Square
P.O. Box 129
Charlotte, Tennessee 37036
(615) 789-4184

Council
Eugene E. Miller
Tim Reynolds
Jim Robertson
Shelia Sesler
Sherri Thiel

June 28, 2010

State of Tennessee

Comptroller of the Treasury

Office of State and Local Finance

Water and Wastewater Financing Board

James K. Polk State Office Building

505 Deaderick Street, Suite 1600

Nashville, Tn. 37243-1402

Attn: Ms. Joyce Welborn

Dear Ms. Welborn;

The Sewer Rate increase submitted to you on June 24, 2010 was approved on second reading by the Charlotte City Council on June 22, 2010. This is an increase of 43% over the previous rate and will generate \$255,373.00.

If you have any questions, please feel free to contact me at 615-417-6453.

Sincerely,

Bill Davis

Bill Davis

Mayor, City of Charlotte

City of Charlotte
Sewer Fund

	Option 2011	Estimated 2010	Actual 2009	Actual 2008	Actual 2007	Actual 2006
Operating Revenues:						
Metered sales	✱ 255,372	170,000	185,381	179,779	172,028	170,157
Installation and tap fees			4,999	13,119	5,530	311
Total Operating Revenues	255,372	170,000	190,380	192,898	177,558	170,468
Operating Expenses:						
Repair maintenance and supplies	18,000	9,488	31,655	21,750	36,603	20,463
Auto expenses	4,000	3,590	5,104	3,236	3,095	1,200
Supplies	3,000	2,385				
Billing	7,000	6,161	6,193	7,244	5,966	5,837
Utilities	48,000	47,727	52,591	46,168	42,547	40,952
Management fee	42,000	42,000	60,600	27,900	24,000	26,600
Professional services	3,600	4,229				1,094
Training	1,000	2,105	4,013	487		
Insurance	16,000	19,745	10,812	5,415	12,077	4,990
Depreciation	105,000	105,000	104,082	102,202	101,867	101,820
Miscellaneous	700	566	1,547	1,160	1,459	1,097
Total Operating Expenses	248,300	242,996	276,597	215,562	227,614	204,053
Operating Income (Loss)	7,072	(72,996)	(86,217)	(22,664)	(50,056)	(33,585)
Nonoperating Revenues (expenses)						
Interest expense	(5,000)	(5,000)	(4,873)	(5,996)	(3,920)	(7,251)
Interest income	4,062	4,062	2,975	3,154	3,086	1,810
Total nonoperating revenues (expenses)	(938)	(938)	(1,898)	(2,842)	(834)	(5,441)
Capital contributions						71,370
Net change in assets	6,134	(73,934)	(88,115)	(25,506)	(50,890)	32,344
Cash Balance			200,734	224,853	180,193	165,885

WATER AND WASTEWATER FINANCING BOARD
Case Study

Case: Joint Sewerage System
Mayor: Fred Testa
Customers: 2 Sewer customers

The Joint Sewerage System has been experiencing a negative change in net assets for at least three consecutive fiscal years according to the information contained in audited financial statements.

The system is a joint venture established by the cities of Bristol, Tennessee and Bristol, Virginia in 1950 to operate a wastewater treatment plant. It currently operates under an agreement between the Cities executed in May 1996. Treatment services are also provided through the cities for the Piney Flats area of Johnson City and the City of Bluff City. A contract manager operates, manages, and maintains the plant. All of the collection lines, as well as the billing and collecting from individual customers remain the responsibility of the individual cities.

The joint oversight committee of the System consists of three members each from Bristol, Tennessee and Virginia. Bristol, Tennessee accounts for approximately 55% of the current revenue and expenses of the plant. Through mutual agreement, Bristol, Tennessee, maintains the accounting records of the system. During the fiscal year 2009, the System was charged \$16,000 by the City of Bristol for the administrative expenses related to the maintenance of such records.

Based on the passage of Public Chapter 876 during the 2010 session of the General Assembly regarding governmental joint ventures, staff recommends the Board dismiss the Joint Sewerage System.



THE CITY OF BRISTOL, TENNESSEE

801 Anderson Street
P. O. Box 1189
Bristol, Tennessee 37621-1189

Office of the City Manager

Telephone: (423) 989-5503
Facsimile: (423) 989-5506
Email: jbroughton@bristoltn.org

May 28, 2010

State of Tennessee
Comptroller of the Treasury
Office of State and Local Finance
Water and Wastewater Financing Board
James K. Polk State Office Building
505 Deaderick Street, Suite 1600
Nashville, Tennessee 37243-1402

Attention: Joyce Welborn, Board Coordinator

Re: City of Bristol Joint Sewerage System

Dear Ms. Welborn:

As you are aware, the Joint Sewerage System has been reported to the Water and Wastewater Financing Board as being financially distressed based on a negative change in assets for two consecutive years in its sewer system. This matter is scheduled to be addressed at a meeting of the Board on July 8, 2010.

This is to certify that the Joint Sewerage System is a government joint venture of the City of Bristol Tennessee and the City of Bristol Virginia. The sole function and operation of the Joint Sewerage System is to treat wastewater for wholesale use only to other governments.

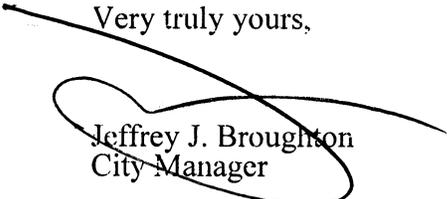
Under Public Chapter No. 876 (HB3603/SB3690), which becomes effective July 1, 2010, the Joint Sewerage System will not fall under the jurisdiction of the Board for the purpose of reporting negative change in the net assets annually. Accordingly, we believe all issues concerning the Joint Sewerage System will be moot. It will be greatly appreciated if you will bring this to the attention of the Board.

Please let this confirm our understanding that it will not be necessary for the City of Bristol to appear at the July 8, 2010 meeting of the Water and Wastewater Financing Board to review the Joint Sewerage System of the City's of Bristol Tennessee and Virginia.

Should any questions or issues arise regarding this matter, please contact Tara E. Musick, Finance Director, at 423-989-5646 or tmusick@bristoltn.org.

We appreciate all of your help and assistance in successfully addressing this matter.

Very truly yours,


Jeffrey J. Broughton
City Manager

Cc: Tara Musick
Jack Hyder

WATER AND WASTEWATER FINANCING BOARD
Case Study

Case: Sevier Water Board, Inc.
Manager: Dennis Clabo
Customers: 5 Water customers

The Sevier Water Board has been experiencing a negative change in net assets for at least three consecutive fiscal years according to the information contained in audited financial statements.

The member systems are the cities of Gatlinburg, Pigeon Forge, Sevierville, and Pittman Center and Sevier County. This Board was formed with a twenty-five year interlocal cooperation agreement signed in 1994 to transport raw water from Douglas Lake to the water treatment plants of the member governments. All maintenance of the distribution systems to individual customers, as well as billing and collecting for those customers, is the responsibility of the member system.

The governing body of the Board consists of one representative from each of the five participating members.

For the fiscal year ending June 30, 2009, 75% of the revenue of the system was provided by Pigeon Forge. All accounting records are maintained by the City of Pigeon Forge.

Based on the passage of Public Chapter 876 during the 2010 session of the General Assembly regarding governmental joint ventures, staff recommends the Board dismiss the Sevier Water Board.



DUCK RIVER UTILITY COMMISSION



Post Office Box 1237 270 Water Lane Tullahoma, Tennessee 37388
Telephone: (931) 455-6458 Fax: (931) 455-6488 www.druc.org

RECEIVED
JUN 17 2010
BOND FINANCE

June 11, 2010

Ms. Joyce Welborn, Board Coordinator
Water and Wastewater Financing Board
State of Tennessee, Comptroller of the Treasury
Division of Local Finance
505 Deaderick Street
James K. Polk State Office Building, Suite 1700
Nashville, TN 37243-0274

Dear Ms. Welborn,

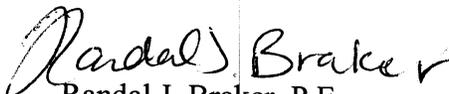
After reviewing the recently promulgated Tennessee Public Chapter 876, the Commission believes that the DRUC meets the definition of a government joint venture as specified in the legislation. Specifically, the DRUC is a government joint venture that produces treated water only for wholesale supply to other government entities.

As such, the Commission respectfully requests that the WWFB treat the DRUC as a government joint venture under the jurisdiction the WWFB as specified in this new legislation.

The Commission is also pleased to report that the DRUC will produce a net income for fiscal 2009-10. Thank you for your assistance over the past three years as the Commission has worked to restore the DRUC to positive annual financial results.

Also, thank you for your consideration of this issue and please contact me at your convenience if you need additional information.

Sincerely,


Randal J. Braker, P.E.
General Manager

RJB/hdh

WATER AND WASTEWATER FINANCING BOARD
Case Study

Case: Town of Trimble, Dyer/Obion Counties
Mayor: James A. Davis
Customers: 309 water and 267 sewer
Water Loss: 7.52%

The Town of Trimble has been experiencing a negative change in net assets for the last three fiscal years in its water and sewer system according to the information contained in audited financial statements.

The rates in effect June 30, 2009 were:

Water

First 3,000 gallons \$22.00

All over \$ 3.00

Sewer

All residential customers \$16.75

All commercial customers \$20.82

Town Hall was paid for by the water fund. Rent is paid by the gas fund and the general fund for allocated space with Town Hall. The Town follows a very strict cut off policy. There is absolutely no growth in Town, therefore, there is no meter set fee. A new tap has not been set in over 15 years. During FY 09 the water tank was painted at a cost of \$126,000, resulting in a much larger repair and maintenance expense than in FY 08.

Until 2005, all customers were charged a flat rate for water and sewer. In 2005, water meters were installed. Water usage went down more than 50%. There is a very bad infiltration and inflow problem. The amount of water being treated at the plant is 50% more than the amount of water being sold. The design capacity of the plant is 576K and only 56K is being pumped. The plant was built for a thriving community that is no longer thriving. Both residents and businesses have left. There are 25 water only customers outside the city limits.

In April 2010, MTAS did a rate study for the Town and the rates were adjusted based on the study. Projections reflect that a positive change in net assets of \$9,236 will result from the adjustment.

Staff recommends the board endorse the actions of the Town of Trimble. Staff will continue to monitor the financial condition of the town until an audited financial statement reflects compliance.

**TOWN OF TRIMBLE
HISTORY FILE**

	Audited 2006	Audited 2007	Audited 2008	Audited 2009
Fiscal Year 6/30				
Water/Sewer revenues	\$ 161,236	\$ 167,974	\$ 173,141	\$ 163,714
Other revenues	\$ 10,695	\$ 9,889	\$ 10,440	\$ 7,978
Total Operating Revenues	\$ 171,931	\$ 177,863	\$ 183,581	\$ 171,692
Total Operating Expenses	\$ 153,002	\$ 173,630	\$ 160,088	\$ 236,585
Operating Income	\$ 18,929	\$ 4,233	\$ 23,493	\$ (64,893)
Interest Expense	\$ 33,339	\$ 32,043	\$ 30,775	\$ 29,360
Grants	\$ 187,500			\$ -
Change in Net Assets	\$ 173,090	\$ (27,810)	\$ (7,282)	\$ (94,253)
<u>Supplemental Information</u>				
Principal payment	\$ 10,652	\$ 11,165	\$ 11,785	\$ 13,848
Depreciation	\$ 64,784	\$ 64,558	\$ 63,980	\$ 66,905
Water Rates				
First 2,000 gallons	\$ 22.00	\$ 22.00		
First 3,000 gallons			\$ 22.00	\$ 22.00
All over	\$ 2.00	\$ 2.00	\$ 3.00	\$ 3.00
Water customers	299	315	318	309
Sewer Rates				
All residential customers	\$ 16.75	\$ 16.75	\$ 16.75	\$ 16.75
All business customers	\$ 20.82	\$ 20.82	\$ 20.82	\$ 20.82
Sewer customers	278	290	292	267
Water Loss		5.37%	7.52%	7.52%

Joyce Welborn - LETTERHEAD.doc

From: "TOWN OF TRIMBLE" <trim@west-tenn.com>
To: "Joyce Welborn" <Joyce.Welborn@tn.gov>
Date: 6/18/2010 2:10 PM
Subject: LETTERHEAD.doc

**TRIMBLE CITY HALL
P.O. BOX 215
TRIMBLE, TENNESSEE 38259**

Mayor-James A. Davis
City Administrator-David Norsworthy
City Recorder-Joyce Scobey

Telephone:
731-297-3955
Fax:
731-297-3172

June 18, 2010

**ATTN: Joyce Welborn
State of Tn. - Comptroller of the Treasury
Office of State and Local Finance
Water and Wastewater Financing Board
505 Deaderick St, Suite 1600
Nashville, Tn. 37243-1402**

Dear Ms. Welborn,

Beginning July 1, 2010, we have changed our water rate schedule to a minimum bill of \$22.00 and 2.50 per 1,000 gallons. Last year's rate was \$22.00 for the first 3,000 gallons then \$3.00 per 1,000 gallons.

The new sewer rate is \$14.00 minimum, then \$2.00 per 1,000 gallons. Last year's rate was a flat \$16.75.

We believe this will result in a change in net assets of +9,236.00 for FY 2010-11.

Sincerely,

**David Norsworthy
City Adm.**

WATER/SEWER PROJECTIONS:

07/01/10 TO 06/30/11

WATER/SEWER	163,846.00
OTHER REVENUES	2,200.00
PROJECTED NEW REVENUES	30,080.00
TOTAL OPERATING REVENUES	196,126.00

TOTAL OPERATING EXPENSES:	162,247.00
---------------------------	------------

INTEREST INCOME	1,045.00
RENTAL INCOME	3,630.00

OPERATING INCOME	33,879.00
TOTAL INCOME	38,554.00
INTEREST EXPENSE	29,318.00

CHANGE IN NET ASSETS	9,236.00
----------------------	----------

SUPPLEMENTAL INFORMATION:

PRINCIPAL PAYMENTS	13,135.00
DEPRECIATION	65,107.00

<u>WATER RATES</u>		REVENUE PER MONTH	REVENUE PER YEAR
MINIMUM BILL	305		
2.50 PER 1000 GALLONS	CUSTOMERS AT 22.00	6710	80,520.00
	1.281 MG/M	2.5	3202.5
			38,430.00
WASTEWATER RATES			
MINIMUM BILL	279		
2.00 PER 1,000 GALLONS	CUSTOMERS	14	3906
	1,171 MG/M	2	2342
			46,872.00
			28,104.00
TOTAL REVENUE FROM SALES			193,926.00

WATER AND WASTEWATER FINANCING BOARD
Case Study

Case: City of McLemoresville
Mayor: Phillip R. Williams
Customers: 156 water
Water Loss: unknown

The City of McLemoresville has been experiencing a negative change in net assets for the last two fiscal years in its water system according to the information contained in audited financial statements.

The rates reflected in the June 30, 2009 audit were:

<u>Water</u>	
Regular	\$ 23.00
Non Taxable	\$ 20.98
School	\$ 220.00
Factory	\$ 60.35

These rates were implemented in 2008. There are currently no meters in the system. Many years ago, meters were installed, but for some reason were removed.

Since my visit in February, the City has made numerous changes as noted in the letter from the Mayor dated June 1, 2010. The changes relate to increasing some fees, enacting others and implementing a 10% rate increase. The City has also received a CDBG for \$120,000 to install meters for every customer. Installation is scheduled for August.

Once meters are installed, MTAS has agreed to rate study.

Staff recommends the Board endorse the actions of the City of McLemoresville.

Staff will continue to monitor the financial condition of the City until audited financial statements reflect compliance.

CITY OF MCLEMORESVILLE			
HISTORY FILE			
	Audited 2007	Audited 2008	Audited 2009
Fiscal Year 6/30			
Water revenues	\$ 38,777	\$ 37,758	\$ 42,962
Other revenues	\$ 1,406	\$ 153	\$ 419
Total Operating Revenues	\$ 40,183	\$ 37,911	\$ 43,381
Total Operating Expenses	\$ 36,872	\$ 42,805	\$ 49,436
Operating Income	\$ 3,311	\$ (4,894)	\$ (6,055)
Interest Expense			
Change in Net Assets	\$ 3,311	\$ (4,894)	\$ (6,055)
<u>Supplemental Information</u>			
Principal payment		-	-
Depreciation	\$ 10,166	\$ 10,465	\$ 10,677
Water rates			
Regular	\$ 20.00	\$ 20.00	\$ 23.00
Non Taxable	\$ 18.25	\$ 18.25	\$ 20.98
School	\$ 200.00	\$ 200.00	\$ 220.000
Bank	\$ 30.00		
Factory	\$ 54.85	\$ 54.85	\$ 60.35
Customers	161	160	156
Water Loss			

City of McMoresville

P. O. Box 38

McMoresville, Tennessee 38235

RECEIVED

JUN 04 2010

BOND FINANCE

June 1, 2010

Joyce Welborn
State of Tennessee
414 Union Street, Suite 110
Nashville, TN 37243-1402

Dear Ms. Welborn,

This letter is to inform you of the changes that have been implemented to the City of McMoresville's water system. Since our meeting in February regarding the financially distressed condition of our water system, we have made numerous improvements and policy changes. As of April 1, 2010 we:

- Increased the late fee from \$2.00 to \$5.00
- Increased the re-connect fee from \$20.00 to \$30.00
- Enacted a return check fee of \$20.00
- Enacted a connection fee of \$20.00 (in addition to the \$60 deposit)
- Increased monthly water rates from 23.00 to \$25.25 (a 10% increase)

In addition to these changes, it should be noted that the City of McMoresville was selected as a recipient of a Federal CDBG grant of \$120,000 for enhancements to our water system. With the proceeds of this grant, we will install meters for every water customer. A contract for the construction and installation of this new metered water system has been signed. Installation of the meters is scheduled for mid-August.

Another course of action taken to assist the City of McMoresville in this matter was direct contact with our Tennessee Municipal Technical Advisory Service (MTAS) representative, Steve Wyatt, regarding water rate study. MTAS will prepare an analysis that will assist us in determining our water rates once the new meters are installed.

It should also be noted that as of the end of May, the balance in the water fund was just over \$30,000.

It is our goal that the steps taken will strengthen the financial condition of our water department while enhancing our operations and service to our customers.

Sincerely,


Phillip R. Williams, Mayor


Barbara J. Younger, Recorder

WATER AND WASTEWATER FINANCING BOARD
Case Study

Case: City of Newbern, Dyer County
Mayor: K. W. Dennison
Customers: 1,982 rural water
Water Loss: 27.647%

The City of Newbern has been experiencing a negative change in net assets for the last two fiscal years in its rural water system according to the information contained in audited financial statements.

The rates reflected in the June 30, 2009 audit were:

Base charge ¾" meter	\$ 7.42
Base charge 1" meter	\$12.72
Base charge 2" meter	\$14.84
Base charge 4" meter	\$23.32
All usage is charged	\$ 4.68 per thousand gallons

The per thousand gallon rate was increased to \$5.18 on July 1, 2009. The last increase prior to that was in 2005. Instead of having inside and outside rates, the City chose to establish a rural water system in a separate account from the 1,300 or so inside customers. The rural system purchases water from the city to provide for those outside.

Based on information provided to staff from the April 2010 financial statements, which reflect a "net profit" of \$48,981.49, staff recommends the Board endorse the actions of the City of Newbern.

Staff will continue to monitor the financial condition of the City until audited financial statements reflect compliance.

**CITY OF NEWBERN
HISTORY FILE**

	Audited 2007	Audited 2008	Audited 2009
Fiscal Year 6/30			
Rural water revenues	\$ 706,853	\$ 717,944	\$ 709,234
Other revenues	\$ 29,500	\$ 33,490	\$ 25,236
Total Operating Revenues	\$ 736,353	\$ 751,434	\$ 734,470
Total Operating Expenses	\$ 685,051	\$ 740,487	\$ 709,244
Operating Income	\$ 51,302	\$ 10,947	\$ 25,226
Interest Expense	\$ 30,523	\$ 29,570	\$ 29,490
Change in Net Assets	\$ 20,779	\$ (18,623)	\$ (4,264)
Supplemental Information			
Principal payment	\$ 18,899	\$ 19,853	\$ 19,955
Depreciation	\$ 68,883	\$ 68,406	\$ 69,143
Water Rates			
Base Charge 3/4" meter	\$ 7.42	\$ 7.42	\$ 7.42
Base Charge 1" meter	\$ 12.72	\$ 12.72	\$ 12.72
Base Charge 2" meter	\$ 14.84	\$ 14.84	\$ 14.84
Base Charge 4" meter	\$ 23.32	\$ 23.32	\$ 23.32
charge per 1,000 gallons	\$ 4.68	\$ 4.68	\$ 4.68
Customers	1,955	1,978	1,982
Water Loss		21.325%	27.647%

City of Newbern
 Profit and Loss Statement
 April 2010

Fund: 410-Newbern Rural Water

Monthly Comparative % 83.3333

-----Account Number-----	---Acct Name---	MTD Actual	Total Budget	YTD Actual	Budget Balance
OPERATING REVENUES					
419.10	INTEREST INCOME	635.81	9,000.00	6,399.15	2,600.85
440.00	RESIDENTIAL SALES	58,805.30	700,000.00	616,638.64	83,361.36
450.00	FORFEITED DISCOUNTS	430.65	5,000.00	4,160.67	839.33
456.20	OTHER REVENUE - WATER TAPS	1,650.00	8,000.00	5,400.00	2,600.00
480.00	MISCELLANEOUS REVENUE	640.00	4,000.00	4,240.00 <	240.00>
	TOTAL OPERATING REVENUES	62,161.76	726,000.00	636,838.46	89,161.54
OPERATING EXPENSES					
555.10	PURCHASE OF WATER	13,223.21	180,000.00	140,871.88	39,128.12
583.00	OPERATIONS - PAYROLL	4,373.16	43,000.00	33,457.08	9,542.92
583.11	OPERATIONS	102.96	1,600.00	1,040.53	559.47
585.00	RURAL WATER OVERHEAD	537.22	6,447.00	5,372.20	1,074.80
589.00	BUILDING RENT	606.83	7,300.00	6,068.30	1,231.70
594.01	GASOLINE & DEISEL	1,719.38	12,000.00	10,312.25	1,687.75
902.00	METER READING EXP - PAYROLL	4,675.02	38,000.00	35,835.37	2,164.63
902.10	METER READING EXP	335.94	2,500.00	1,974.75	525.25
902.11	METER READING GASOLINE	193.57	3,000.00	1,608.23	1,391.77
903.00	CUST RECORDS & COL - PAYROLL	1,404.44	12,300.00	10,712.75	1,587.25
903.10	CUST RECORDS & COL	191.10	4,000.00	3,936.03	63.97
904.00	UNCOLLECTIBLE ACCOUNTS	194.05	2,300.00	2,034.61	265.39
920.00	ADMINISTRATIVE SALARIES	3,079.09	23,000.00	22,524.37	475.63
921.00	OFFICE EXP - WAREHOUSE / PW	878.49	9,500.00	10,147.88 <	647.88>
921.10	OFFICE EXP - SUPERVISOR	0.00	200.00	0.00	200.00
921.20	OFFICE EXP - CITY HALL	860.14	10,000.00	8,629.35	1,370.65
921.40	CELL TELEPHONES	53.44	600.00	513.79	86.21
923.00	OUTSIDE SERVICES EMPLOYED	0.00	6,000.00	5,840.00	160.00
924.00	PROPERTY INSURANCE	998.25	12,000.00	9,180.81	2,819.19
925.00	WORKERS COMP INSURANCE	605.20	8,500.00	7,003.66	1,496.34
926.00	EMPLOYEE INSURANCE	3,609.73	49,800.00	37,001.03	12,798.97
926.10	UNIFORM EXPENSE	34.64	500.00	311.36	188.64
926.20	EMPLOYEE RETIREMENT	883.05	9,500.00	6,891.05	2,608.95
930.00	MISC EXP - PAYROLL	298.94	3,600.00	2,989.40	610.60
930.10	MISC EXP	133.81	4,000.00	4,056.27 <	56.27>
	TOTAL OPERATING EXPENSES	38,991.66	449,647.00	368,312.95	81,334.05
MAINTENANCE EXPENSE					
593.00	MAINT - EXPENSES - PAYROLL	7,356.14	85,000.00	54,103.86	30,896.14
593.10	MAINT EXPENSES	4,754.26	28,000.00	31,528.90 <	3,528.90>
593.90	MAINT - WATER WELLS	0.00	100.00	46.95	53.05
593.94	PUMP STATION - COOB ROAD	0.00	18,000.00	10,786.00	7,214.00
593.95	MAINT - WATER TANKS	1,116.79	14,000.00	15,587.55 <	1,587.55>
594.00	MAINT - EQUIPMENT	353.81	5,000.00	3,398.80	1,601.20
595.00	EQUIPMENT RENTAL	1,250.00	17,000.00	11,250.00	5,750.00
596.00	WATER TAP EXPENSE	0.00	4,000.00	6,537.43 <	2,537.43>
	TOTAL MAINTENANCE EXPENSES	14,831.00	171,100.00	133,239.49	37,860.51
OTHER OPERATING EXPENSE					
403.00	DEPRECIATION EXPENSE	5,647.51	70,000.00	56,727.87	13,272.13

City of Newbern
 Profit and Loss Statement
 April 2010

Fund: 410-Newbern Rural Water

Monthly Comparative % 83.3333

-----Account Number-----	---Acct Name---	MTD Actual	Total Budget	YTD Actual	Budget Balance
408.30	TAXES SOCIAL SECURITY	1,697.05	16,000.00	12,709.98	3,290.02
408.40	TAXES UNEMPLOYMENT	8.56	200.00	185.42	14.58
427.35	INT EXPENSE FHA \$670,000	0.00	27,751.00	16,178.52	11,572.48
427.50	INT EXPENSE - FORD CREDIT	0.00	794.00	192.24	601.76
431.10	MISC INT & EXP	0.00	0.00	310.50 <	310.50>
	TOTAL OPERATING EXPENSE	7,353.12	114,745.00	86,304.53	28,440.47
	Net Profit or (-Loss)	985.98 <	9,492.00>	48,981.49 <	58,473.49>

WATER AND WASTEWATER FINANCING BOARD
Case Study

Case: Town Byrdstown
Mayor: Bill Robbins
Customers: 2,427 water, 343 sewer
Water Loss: 38.5%

The Town of Byrdstown has been experiencing a negative change in net assets for the last three fiscal years in its water and sewer system according to the information contained in audited financial statements.

The inside residential rates are:

<u>Water</u>	<u>June 30, 2009</u>	<u>July 1, 2009</u>
First 3,000 gallons	\$10.89 minimum bill	\$14.02 minimum bill
All over	\$ 3.39 per 1000	\$ 4.50 per 1000
<u>Sewer</u>		
0 – 1,000 gallons	\$13.99 minimum bill	
1,001 – 1,999 gallons	\$15.45 minimum bill	
2,000 – 3,000 gallons	\$17.88 minimum bill	
All over	\$ 5.52 per thousand gallons	

The outside residential rates are:

<u>Water</u>	<u>June 30, 2009</u>	<u>July 1, 2009</u>
First 2,000 gallons	\$14.76 minimum bill	\$19.48 minimum bill
All over	\$ 6.20 per 1000	\$ 8.17 per 1000

There was no change in sewer rates on July 1, 2009. Since 2008, the Town has added a Corps of Engineers Storage/O&M fee of \$2.00 per month per meter.

Approximately three million gallons of water is sold to Chanute-Pall Mall Utility District monthly for \$4.83 per thousand gallons. That rate increased July 1, 2009, from \$3.03. The rate is adjusted annually based on a cost analysis. The master meter is also calibrated annually.

According to the Mayor, 83% of Pickett County has public drinking water. This is demonstrated by the large difference in the water and sewer customer base. The only sewer service outside the Town limits are to a few industrial customers, however, 95% of the Town's water customers are outside the corporate limits. Over the last couple of years, several large users have cut production or shut down completely. This has resulted in the current financial condition of the Town.

Staff recommends the Board endorse the actions of the Town as it relates to rate increases. Staff will continue to monitor the financial condition of the Town until audited financial statements reflect compliance.

**TOWN OF BYRDSTOWN
HISTORY FILE**

	Audited 2007	Audited 2008	Audited 2009
Fiscal Year 6/30			
Water and sewer revenues	\$ 914,585	\$ 991,273	\$ 1,018,770
Other revenues	\$ 66,812	\$ 115,324	\$ 72,478
Capital Contributions	\$ 19,600	\$ 33,483	\$ 14,200
Total Operating Revenues	\$ 1,000,997	\$ 1,140,080	\$ 1,105,448
Total Operating Expenses	\$ 1,407,562	\$ 1,068,098	\$ 1,106,980
Operating Income	\$ (406,565)	\$ 71,982	\$ (1,532)
Interest Expense	\$ 135,368	\$ 123,328	\$ 119,391
Change in Net Assets	\$ (541,933)	\$ (51,346)	\$ (120,923)
<u>Supplemental Information</u>			
Principal payment	\$ 151,175	\$ 108,665	\$ 109,569
Depreciation	\$ 278,888	\$ 266,386	\$ 266,784
Water Rates			
Inside rates			
First 3,000 gallons	\$	9.72	\$ 10.89
All over	\$	3.03	\$ 3.39
Outside rates			
First 2,000 gallons	\$	13.18	\$ 14.76
All over	\$	5.54	\$ 6.20
Water customers	<i>error</i>	<i>5,231</i>	2,427
Utility district	\$	3.03	\$ 3.03
Sewer Rates			
First 1,000 gallons	\$	13.99	\$ 13.99
1,001 - 1,999 gallons	\$	15.45	\$ 15.45
2,000 - 3,000 gallons	\$	17.88	\$ 17.88
All over	\$	5.52	\$ 5.52
Sewer customers		357	343
Water Loss		34.97%	38.50%

The Town raised water rates by 22% effective July 2009

**TOWN OF BYRDSTOWN
WATER AND SEWER FUND
FINANCIAL PROJECTION FOR THE WWFB
JUNE 7, 2010**

	Audit FY 2009	10 Mths FY 2010	Annualized FY 2010	Budget FY 2010	Projected FY 2011	Projected FY 2012	Projected FY 2013
Revenue							
Charges for Services	\$1,018,770	\$1,015,543	\$1,218,652	\$1,234,600	\$1,234,600	\$1,234,600	\$1,234,600
Penalties and Interest	17,103	18,787	22,544	16,900	20,000	20,000	20,000
Miscellaneous	18,064	0	0	0	0	0	0
Service Charges	11,350	33,415	40,098	12,500	12,500	12,500	12,500
Total Revenue	\$1,065,287	\$1,067,745	\$1,281,294	\$1,264,000	\$1,267,100	\$1,267,100	\$1,267,100
Expense							
Operating Expenses (2% growth in FY11)	840,196	750,412	900,494	897,321	915,267	933,573	952,244
Depreciation	266,784	218,786	266,784	267,000	267,000	267,000	267,000
Total Expense	\$1,106,980	\$969,198	\$1,167,278	\$1,164,321	\$1,182,267	\$1,200,573	\$1,219,244
Operating Income(Loss)	(\$41,693)	\$98,547	\$114,016	\$99,679	\$84,833	\$66,527	\$47,856
Nonoperating Rev/Exp							
Interest Income	25,961	12,291	14,749	23,700	14,000	13,000	12,000
Interest Expense	(119,391)	(90,058)	(115,008)	(115,008)	(112,416)	(108,838)	(105,387)
Total Nonoperating	(\$93,430)	(\$77,767)	(\$100,259)	(\$91,308)	(\$98,416)	(\$95,838)	(\$93,387)
Income(Loss)	(\$135,123)	\$20,780	\$13,757	\$8,371	(\$13,583)	(\$29,311)	(\$45,531)
Capital Contributions	14,200	5,510	5,510	20,300	20,000	20,000	20,000
Change in Net Assets	(\$120,923)	\$26,290	\$19,267	\$28,671	\$6,417	(\$9,311)	(\$25,531)

Town of Byrdstown

109 West Main Street • P.O. Box 325
Byrdstown, Tennessee 38549

Phone: (931) 864-6215
Fax: (931) 864-6120

RECEIVED
JUN 17 2010
BOND FINANCE

June 16, 2010

Comptroller of the Treasury
Water & Wastewater Financing Board
ATTN: Joyce Welborn
505 Deaderick Street
Suite 1600
Nashville, TN 37243

To The Water and Wastewater Financing Board:

Our water and sewer fund has been losing money ever since our largest water customer began cutting production over the last few years. We asked MTAS to perform a rate study and the Town of Byrdstown raised water and sewer rates late in 2007. The Town added a Corps of Engineers Storage fee of \$2.00 per customer at the same time.

Unfortunately, that large customer eventually closed in 2009. We asked MTAS to update their last rate study and the Town of Byrdstown followed the recommendations of that rate study to substantially increase water rates and tap fees. Our last rate increases were effective August 2009 and the water and sewer fund is currently in the black. We expect that the FY 2010 audit will show a profit. We project the FY 2011 water and sewer fund to barely remain profitable, while FY 2012 begins losses. Next year, a review will again be performed to insure the budget will be in the black.

We recognize that our water loss is high. We have an on-going meter change out policy for old meters. Billing adjustments will also change the volume sold. We are tracking non-metered water usage. We expect our corrected water loss to improve.

Our Board met last week in a special called meeting to review the budget and the WWFB findings. We considered an additional 5% rate increase. The Board is committed to maintaining compliance with all State laws. With the aid of MTAS

Town of Byrdstown

109 West Main Street • P.O. Box 325
Byrdstown, Tennessee 38549

Phone: (931) 864-6215

Fax: (931) 864-6120

and our accountant, and a review of the budget as of May 30th, it was felt that an increase of rates would not be required for the budget year of 2010/2011.

If there are any questions or comments that need to be addressed, please contact the Town of Byrdstown at any time.

Sincerely,

Billy Robbins
Billy Robbins, Mayor
Town of Byrdstown

BR:bd

WATER AND WASTEWATER FINANCING BOARD
Case Study

Case: Town of Centerville, Hickman County
Mayor: Bob Bohn
Customers: 3,236 water, 1,304 sewer
Water Loss: 27%

The Town of Centerville has been experiencing a negative change in net assets for the last three fiscal years in its water and sewer system according to the information contained in audited financial statements.

The rates reflected in the June 30, 2009 audit were:

Water

First 2,000 gallons	\$9.02 minimum bill
All over	\$2.67 per thousand gallons

Sewer

100% of water rates

The minimum bill was increased July 1, 2009, by 53%. All usage over 2,000 gallons was increased by 75%. Sewer rates were increased to 130% of water. A new wastewater plant is in the design phase which the Town plans to fund with a 75% loan and a 25% grant from the Rural Development Administration. The problems with the current plant relate to age and capacity issues.

There is a tremendous water loss in the system outside the Town. That loss, in conjunction with the distance involved to provide service and maintenance to that part of the system, requires the outside water rate to be much higher than the inside rate.

The flooding of May 1 and 2, 2010, had a devastating effect on the Town of Centerville. The expenditures related to the flood will be upwards of \$1,000,000. The Federal Emergency Management Agency is projected to fund 75% of the flood related damage. The Town is hoping to receive another 12.5% of emergency funding from the State of Tennessee.

Staff recommends the board endorse the actions of the Town of Centerville as it relates to the substantial rate increase. Staff will continue to monitor the financial condition of the City until audited financial statements reflect compliance.

TOWN OF CENTERVILLE HISTORY FILE			
	Audited 2007	Audited 2008	Audited 2009
Fiscal Year 6/30			
Water and sewer revenues	\$ 1,672,810	\$ 1,729,195	\$ 1,937,651
Other revenues	\$ 116,684	\$ 92,811	\$ 120,321
Capital Contributions	\$ 29,975	\$ 2,000	\$ 108,905
Total Operating Revenues	\$ 1,819,469	\$ 1,824,006	\$ 2,166,877
Total Operating Expenses	\$ 2,066,545	\$ 1,883,580	\$ 2,253,244
Operating Income	\$ (247,076)	\$ (59,574)	\$ (86,367)
Interest Expense	\$ 153,763	\$ 211,187	\$ 218,778
Change in Net Assets	\$ (400,839)	\$ (270,761)	\$ (305,145)
<u>Supplemental Information</u>			
Principal payment			
Depreciation	\$ 409,435	\$ 394,214	\$ 477,133
Water Rates			
Inside rates			
First 2,000 gallons	\$ 9.02	\$ 9.02	\$ 9.02
All over	\$ 2.67	\$ 2.67	\$ 2.67
Outside rates			
First 2,000 gallons	\$ 22.13	\$ 22.13	\$ 22.13
All over	\$ 4.88	\$ 4.88	\$ 4.88
Water customers	3,236	3,231	3,205
Sewer customers	1,304	1,292	1,292
Sewer Rates are 100% of water rates			
Water Loss	47.00%		27.00%

TOWN OF CENTERVILLE

Bob Bohn
Mayor

June 21, 2010

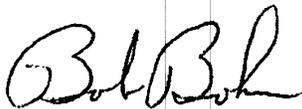
Joyce Welborn
Board Coordinator
Utility Management Review Board
Water and Wastewater Financing Board
505 Deaderick Street, Ste 1600
Nashville, Tennessee 37243

Dear Ms. Welborn,

Thank you for your assistance in helping the Town of Centerville evaluate its recent utility rate increases. As you know, the Town of Centerville passed a substantial rate increase for our water and sewer system effective July 1, 2010. We had every expectation that the July 1, 2010, rate increases would generate an increase in net assets at June 30, 2010. However, the Town of Centerville and Hickman County were victims of the May 1 and May 2, 2010, flood disaster.

The Town of Centerville received a great deal of damage to its water distribution and sewer collection systems. We are still assessing the damage resulting from the flooding. We estimate the cost of repairs to cost between \$1,000,000 and \$2,000,000. To fund these unforeseen expenditures, the Town of Centerville approved a three-year capital outlay note resolution and has forwarded that to the Division of Local Finance for approval to borrow up to \$2,000,000. We plan to satisfy this debt with insurance coverage, FEMA funding at seventy-five percent of disaster costs, TEMA funding at twelve and one-half percent of disaster costs and local funding making up the difference.

Sincerely,

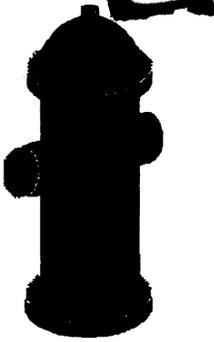


Bob Bohn
Mayor

Centerville
Water and Sewer Rate Review
February 2010

Example A
(no rate increase)

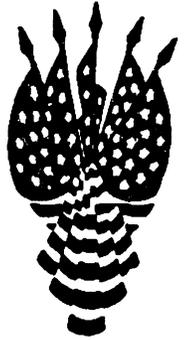
	Audit 2006	Audit 2007	Audit 2008	Audit 2009	Preliminary 2010	Project 2011	Project 2012	Project 2013
year ending June 30	1,676,639	1,672,810	1,729,195	1,937,651	1,656,558	1,673,124	1,689,855	1,706,753
Revenue								
metered sales both water and sewer								
metered water sales								
sewer service charge					784,202	792,044	799,964	807,964
Tap and service fees	126,498	94,235	62,353	86,362	33,400	33,400	33,400	33,400
other revenue					68,428	68,428	68,428	68,428
Total Operating Revenue	1,803,137	1,767,045	1,791,548	2,024,013	2,542,588	2,566,996	2,591,648	2,616,546
Operating Expenses								
Salaries	351,353	392,287	371,881	379,883	382,336	393,806	405,620	417,789
Employee benefits	148,406	157,019	158,328	167,410	123,014	126,704	130,506	134,421
Admin	89,351	100,854	112,202	106,096	94,666	97,506	100,431	103,444
Rent	20,000	30,000	30,000	30,000	30,000	30,900	31,827	32,782
Utilities	215,480	246,850	250,210	290,365	274,902	283,149	291,644	300,393
Professional services	31,602	75,138	31,529	36,956	12,986	13,376	13,777	14,190
Repairs and maintenance	197,636	288,587	205,444	381,287	178,178	183,523	189,029	194,700
Supplies	163,359	306,103	226,695	287,079	242,348	249,618	257,107	264,820
Office expense	21,178	7,988	37,540	43,771	33,868	34,884	35,931	37,008
Insurance	30,296	30,292	37,232	28,297	54,768	56,411	58,103	59,846
Training	1,801	5,153	2,364	2,297	574	591	609	627
Depreciation	383,226	409,435	394,214	477,133	477,133	477,133	477,133	477,133
New wastewater depreciation 2010, \$550,000 for 15 years					36,667	36,667	36,667	36,667
New wastewater depreciation 2011, \$641,000 for 40 years					16,025	16,025	16,025	16,025
New wastewater depreciation 2012, \$3,000,000 for 40 years							75,000	75,000
Amortization								
Vehicle expenses			1,008	1,008				
misc expense	14,932	16,839	24,933	0	72,456	74,630	76,869	79,175
Total Operating expenses	1,668,620	2,066,545	1,883,580	2,253,244	2,035,678	2,097,359	2,219,385	2,267,822
Operating Income (Loss)	134,517	(299,500)	(92,032)	(229,231)	506,910	469,637	372,262	348,724
Nonoperating revenue (expenses)								
Interest expense from page 46 of 2009 audit	(126,924)	(153,763)	(211,187)	(218,778)	(256,219.00)	(250,135.00)	(243,795.00)	(237,193.00)
Interest income	1,136,771	29,975	2,000	24,198	9,010	9,010	9,010	9,010
other non operating income			2,000	9,761	22,020	0	0	0
Total nonoperating revenue (expenses) before capital contribution	1,009,847	(123,788)	(209,187)	(184,819)	(225,189)	(241,125)	(234,785)	(228,183)
capital contribution	22,201	22,449	30,458	108,905				
Total nonoperating revenue (expenses) after capital contribution	1,032,048	(101,339)	(178,729)	(75,914)	(225,189)	(241,125)	(234,785)	(228,183)
Net change in net assets	1,166,565	(400,839)	(270,761)	(305,145)	281,721	228,512	137,477	120,541



DECHERD CITY WATER WORKS

P.O. BOX 488
1301 W. MAIN STREET
DECHERD, TENNESSEE, 37324
931-967-5301 FAX 931-967-4068

*Res'd
6/11/10*



May 24, 2010

Ms. Joyce Welborn, Board Coordinator
Comptroller of the Treasury
Office of State and Local Finance
Suite 1600 James K. Polk State Office Building
505 Deaderick Street
Nashville, Tennessee 37243-1402

Dear Ms. Welborn:

As Water and Wastewater Financing Board required, the Decherd City Water Works has looked at the possibility of levelized billing for large commercial users. Our large industrial user not only has normal water and sewer charges, but they are also billed a pretreatment user fee and an industrial user fee. The pretreatment user fee increases periodically as new testing is required, fees for lab tests increase, and other expenses related to the program increase for the wastewater program. The industrial user fee is calculated monthly from information we receive from the user; our city engineering firm does those calculations and then we bill the company monthly. These charges vary monthly. If the criteria exceed the allowable amount, the user is subject to a fine.

I am enclosing this customer's billing history for the past eight years. There is a great fluctuation in usage. We feel that we need to continue our present method of billing in order to keep up with our expenses.

We greatly appreciate your assistance in our circumstances.

Sincerely,

Betty Don Henshaw
Mayor of Decherd

CITY OF BOLIVAR, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	<u>Business-type Activities - Enterprise Funds</u>			<u>Total</u>
	<u>Water and Sewer</u>	<u>Natural Gas</u>	<u>Other Enterprise Funds (Non-Major)</u>	
Operating Revenues:				
Water Sales	\$1,052,673	0	0	\$1,052,673
Gas Sales	0	5,468,338	0	5,468,338
Landfill and Sanitation Fees	0	0	365,076	365,076
Service Charges	0	0	0	0
Connection Fees	26,775	40,125	0	66,900
Sewer Charges	760,989	0	0	760,989
Service Charges and Tap Fees	7,750	0	0	7,750
Rental Fees	0	0	0	0
Penalties	51,842	86,947	10,345	149,134
Uncollectible Accounts	(36,021)	(79,732)	0	(115,753)
Recovery of Bad Debts	4,127	15,213	1,026	20,366
Miscellaneous	9,452	1,044	48,585	59,081
Total Operating Revenues	<u>1,877,587</u>	<u>5,531,935</u>	<u>425,032</u>	<u>7,834,554</u>
Operating Expenses:				
Personnel Services	842,415	572,757	227,064	1,642,236
Operating Expense	416,046	490,509	99,463	1,006,018
Utilities	256,442	18,840	3,074	278,356
Repairs and Maintenance	119,424	18,089	19,309	156,822
Gas Purchases	0	3,962,979	0	3,962,979
Depreciation	412,247	252,339	11,708	676,294
Total Operating Expenses	<u>2,046,574</u>	<u>5,315,513</u>	<u>360,618</u>	<u>7,722,705</u>
Operating Income (loss)	<u>(168,987)</u>	<u>216,422</u>	<u>64,414</u>	<u>111,849</u>
Nonoperating Revenues (Expenses):				
Interest Income	15,133	35,628	170	50,931
Interest Expense	(76,983)	0	(12,170)	(89,153)
Total Nonoperating Revenues	<u>(61,850)</u>	<u>35,628</u>	<u>(12,000)</u>	<u>(38,222)</u>
Net Income (Loss) Before Contributions and Transfers	<u>(230,837)</u>	<u>252,050</u>	<u>52,414</u>	<u>73,627</u>
Capital Contributions	<u>417,536</u>	<u>0</u>	<u>0</u>	<u>417,536</u>
Change in Net Assets	<u>186,699</u>	<u>252,050</u>	<u>52,414</u>	<u>491,163</u>
Total Net Assets - Beginning	6,703,650	11,228,990	136,661	18,069,301
Prior Period Adjustment	-	-	-	-
Total Net Assets - Beginning of Year, as Restated	-	-	-	-
Total Net Assets - Ending	<u>\$6,890,349</u>	<u>\$11,481,040</u>	<u>\$189,075</u>	<u>\$18,560,464</u>

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

7/8/10

CITY OF BELLS, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the year ended June 30, 2009

	<u>Gas</u>	<u>Water</u>	<u>Sewer and Lagoon</u>	<u>Totals</u>
Operating revenues				
Current use charges	\$ 1,236,403	\$ 906,844	\$ --	\$ 2,143,247
Development fees	(4,880)	4,880	--	-
Grants	171,097	-	--	171,097
Miscellaneous	18,697	20,159	--	38,856
Total operating revenues	<u>1,421,317</u>	<u>931,883</u>	<u>--</u>	<u>2,353,200</u>
Operating expenses				
Purchases of gas and water	1,054,494	50,076	--	1,104,570
Payroll expense	135,495	253,362	--	388,857
Utilities	31,666	183,195	--	214,861
Repair and maintenance	12,010	55,563	--	67,573
Materials and supplies	14,656	80,176	--	94,832
Gas and oil	3,755	10,983	--	14,738
Insurance	5,990	18,225	--	24,215
Depreciation	21,704	151,857	--	173,561
Miscellaneous	15,853	11,916	--	27,769
Contracted services	6,369	40,893	--	47,262
Fees	--	5,798	--	5,798
Travel	--	213	--	213
Accounting and legal	5,011	11,770	--	16,781
Capital outlay	1,338	28,819	--	30,157
Rent	12,000	15,000	--	27,000
Total operating expenses	<u>1,320,341</u>	<u>917,846</u>	<u>--</u>	<u>2,238,187</u>
Operating income (loss)	<u>100,976</u>	<u>14,037</u>	<u>--</u>	<u>115,013</u>
Non-operating revenues (expense)				
Interest revenue	4,392	4,575	--	8,967
Interest expense	(1,390)	(51,293)	--	(52,683)
Net non-operating revenues (expense)	<u>3,002</u>	<u>(46,718)</u>	<u>--</u>	<u>(43,716)</u>
Transfers in	5,058	-	--	5,058
Transfers out - other funds	-	(2,529)	--	(2,529)
Transfers out - property tax equivalent	(9,668)	(19,280)	--	(28,948)
Residual equity transfer	-	1,797,210	(1,797,210)	-
Total transfers	<u>(4,610)</u>	<u>1,775,401</u>	<u>(1,797,210)</u>	<u>(26,419)</u>
Change in net assets	<u>99,368</u>	<u>1,742,720</u>	<u>(1,797,210)</u>	<u>44,878</u>
Net assets - July 1, 2008	<u>572,988</u>	<u>628,349</u>	<u>1,797,210</u>	<u>2,998,547</u>
Net assets - June 30, 2009	<u>\$ 672,356</u>	<u>\$ 2,371,069</u>	<u>\$ --</u>	<u>\$ 3,043,425</u>

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

Water shows
 loss w/o
 Sewer transfer

JURISDICTION LIST OF THE WATER AND WASTEWATER FINANCING BOARD 07/08/2010

<u>SYSTEM</u>	<u>COUNTY</u>	<u>LAST AUDIT</u>	<u>LAST BD APPEARANCE</u>
City of Alcoa	Blount	2009	May-10
City of Allardt	Fentress	2009	Nov-10
City of Bluff City	Sullivan	2009	Sep-10
Town of Bruceston	Carroll	2009	Nov-10
Town of Bulls Gap	Greene	2009	Sep-09
Town of Byrdstown	Pickett	2009	Jul-10
Town of Centerville	Hickman	2009	Jul-10
City of Charlotte	Dickson	2009	Jul-10
Town of Decaturville	Decatur	2008	Nov-09
City of Decherd	Franklin	2009	May-10
Duck River Utilities Commission	Coffee	2009	Jul-10
City of Dyer	Gibson	2009	Sep-10
City of Friendship	Crockett	2008	Nov-09
City of Friendsville	Blount	2009	Sep-10
City of Gatlinburg	Sevier	2009	May-10
Town of Gibson	Gibson	2009	Sep-09
City of Gordonsville	Smith	2009	Sep-10
City of Humboldt	Gibson/Madison	2009	Sep-10
Town of Huntland	Franklin	2009	May-10
Town of Huntsville	Scott	2009	Nov-10
Joint Sewerage System	Sullivan	2009	Jul-10
City of Lafayette	Macon	2009	Sep-10
City of Lakeland	Shelby	2009	May-10
City of Luttrell	Union	2009	Sep-10
Town of Mason	Tipton	2005	May-10
City of McEwen	Humphreys	2009	Sep-10
Town of McLemoresville	Carroll	2009	Jul-10
City of Memphis	Shelby	2009	Sep-10
City of Milan	Gibson	2009	Sep-09
City of Millersville	Robertson/Sumner	2009	Sep-10
City of Millington	Shelby	2009	Sep-09
Town of Mosheim	Greene	2009	Sep-10
Town of Newbern	Dyer	2009	Jul-10
City of New Johnsonville	Humphreys	2009	May-10
City of Paris	Henry	2009	Nov-09
City of Puryear	Henry	2009	Sep-10
City of Rives	Obion	2009	Nov-10
Town of Rutherford	Gibson	2009	Sep-10
City of Savannah	Hardin	2009	Sep-10
Sevier Water Board	Sevier	2009	Jul-10
Town of Somerville	Fayette	2009	Sep-10
Town of Stanton	Haywood	2009	Jul-10
Town of Toone	Hardeman	2009	Nov-09
Town of Trimble	Dyer/Obion	2009	Jul-10
Town of Vonore	Blount/Monroe	2009	May-10
City of Whitwell	Marion	2008	Mar-10