



AGENDA
Utility Management Review Board

August 9, 2012

8:30 am

Gatlinburg Convention Center
Gatlinburg, Tennessee

Call to Order

Election of a Chairman

Approval of Minutes

February 2, 2012

June 6, 2012

June 14, 2012

Cases:

Claiborne County Utilities District
Mowbray Utility District
Siam Utility District
Unicoi Water Utility District
West Cumberland Utility District

Claiborne County
Hamilton County
Carter County
Unicoi County
Cumberland County

Cases – Water Loss:

Hampton Utility District

Carter County

Status reports:

Tuckaleechee Utility District

Blount County

Status – Water Loss:

DeWhite Utility District

White County

Compliance:

Calhoun-Charleston Utility District
Clearfork Utility District
Cunningham Utility District
First Utility District of Carter County
Holston Utility District
Hornbeak Utility District
Lakeview Utility District
North Utility District
Old Hickory Utility District
Perryville Utility District
Roan Mountain Utility District
Saltillo Utility District
West Overton Utility District

McMinn/Bradley Counties
Claiborne County
Montgomery County
Carter County
Sullivan County
Obion County
Hawkins County
Decatur/Benton Counties
Davidson County
Decatur County
Carter County
Hardin County
Overton County

Petition:

Creation of Hartsville/Trousdale County Utility District

Miscellaneous:

Complaint log
Jurisdiction list
Next UMRB regular meeting

October 4, 2012

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 Division of Local Government Audit 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 Division of Local Government Audit (Ms. Joyce Welborn) for further information.

505 Deaderick Street, Suite 1500
James K. Polk State Office Building
Nashville, TN 37243-1402
Telephone (615) 401-7864
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Joyce.Welborn@cot.tn.gov

MINUTES
of the
UTILITY MANAGEMENT REVIEW BOARD MEETING
February 2, 2012
10:00 a.m.

Chairman David Norton opened the meeting of the Utility Management Review Board (UMRB) in Legislative Plaza, Room 31, Nashville, Tennessee.

Board members present and constituting a quorum:

David Norton, Chairperson, Hixson Utility District Commissioner

Ann Butterworth, Comptroller Designee

Charlie Anderson, Bloomingdale Utility District Commissioner

Donnie Leggett, Hardeman Fayette Utility District Manager

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

Troy Roach, New Market Utility District Manager

Donald Stafford, Eastside Utility District Manager

Staff present:

Joyce Welborn, Division of County Audit, Comptroller's Office

Greg Cothron, Staff Attorney, Comptroller's Office

Jim Arnette, Director, Division of County Audit, Comptroller's Office

Nathan Abbott, Division of County Audit, Comptroller's Office

Approval of Minutes

Mr. Leggett moved approval of the minutes of October 6, 2011. Mr. Anderson seconded the motion, and it was unanimously approved.

Chairman Norton then introduced Ms. Butterworth who informed the Board of numerous changes within the Comptroller's office which relate to the work of the Board. The changes involve the moving of the Board to the Division of County Audit as well as the combination of County Audit and Municipal Audit upon the retirement of Dennis Dycus. Mr. Bill Case was recognized for his years of service to the Board. When Mr. Case retires March 31, Ms. Sheila Reed will be replacing him as the liaison to the Boards.

Roger Murray vs. Cumberland Utility District

Mr. Roger Murray filed a complaint against Cumberland Utility District stating that the District had either improperly installed his meter box or that the installation work was inferior which caused the meter box to settle onto the meter, resulting in a leak and a large water bill. The District granted Mr. Murray a partial adjustment to the water bill. Mr. Murray appeared before the District's Board of Commissioners

to request a total adjustment because he felt that he should not be held responsible for the leak due to the alleged poor workmanship of District personnel. The District's Board of Commissioners did not grant a total adjustment. Whether the District, and its Board of Commissioners complied with the District's bill adjustment/leak adjustment policy is the issue before the Board.

Mr. Murray addressed the Board to explain the complaint. All information presented by Mr. Murray had been included in the Board packet. Mr. Sam Crass, Manager, Cumberland Utility District, also spoke to the Board to on behalf of the District. He stated that District staff, and the Board of Commissioners, reviewed the matter and determined that the leak was not the fault of District personnel or equipment. Mr. Crass testified that due to the volume of water loss, the district adjusted Mr. Murray's bill by a greater amount than required in the District's leak adjustment policy.

After questions to the parties and discussion among the Board members, Ms. Butterworth moved to dismiss the complaint as the District had shown compliance with its bill adjustment/leak adjustment policy. Mr. Roach seconded the motion, which carried unanimously.

Review of the purchasing policy of Bon de Croft Utility District

Ms. Marcie Williams requested the Board review the appropriateness or adequacy of the purchasing policy as authorized in TCA 7-82-804. Ms. Williams addressed the Board and stated that, after reading the District's response to her request prepared by Mr. Don Scholes, attorney for the District, she agreed that the policy is adequate. Mr. Leggett moved to dismiss the request to review the purchasing policy. Mr. Stafford seconded the motion, which carried unanimously.

Oak Ridge Utility District investigative Report

Preceding discussion of the report, Mr. Cothron provided an update of the pending commissioner removal case concerning Powell Clinch Utility District. He called the Board's attention to the responses provided by the District's attorney regarding the report. The responses were electronically sent to the Board members after the issuance of the Board packet. He stated that some of the issues in the Powell Clinch report are the same as some of the issues in the Oak Ridge Utility District report. He suggested that the Board not take action at this time pending any decision of the Powell Clinch case. Ms. Butterworth moved to not take action at this time, but review the case in six months – assuming the Powell Clinch issue had been resolved. Chairman Norton clarified that the Board postponing review was not a decision by the Board on the merits of the report. Mr. Cothron stated that it was not an action of the Board which would preclude a future review and decision. Mr. Moss seconded the motion, which was approved unanimously.

Case Studies

Citizens Gas Utility District

Clearfork Utility District

First Utility District of Hardin County

Hornbeak Utility District

Leoma Utility District

North Utility District of Decatur and Benton Counties

Savannah Valley Utility District

South Side Utility District

Striggersville Utility District

Mr. Leggett made a motion to approve the staff recommendation on all the cases on the agenda. Ms. Butterworth seconded the motion, which carried unanimously. All cases are to be monitored until compliance with state law is reached.

Water loss cases

Cookeville Boat Dock Road Utility District

Double Springs Utility District

First Utility District of Carter County

Iron City Utility District

Knox Chapman Utility District

Quebeck-Walling Utility District

Sunbright Utility District

With the exceptions noted by Mr. Moss, Mr. Leggett moved to approve the water loss information submitted by the utilities on the agenda. Ms. Butterworth seconded the motion, which carried unanimously. Mr. Moss requested that Quebeck-Walling Utility District be required to correct the AWWA methodology which appeared to be submitted incorrectly. Double Springs Utility District and First Utility District of Carter County are required to either adopt or submit the water leak detection program and submit them to the Board as part of the annual review process.

Compliance reports

Arthur Shawanee Utility District

Blountville Utility District

Cumberland Heights Utility District

The most recent audits for these Districts reflect compliance and are dismissed from the Board's jurisdiction.

Miscellaneous Items

Utility District Commissioner Training Approvals

The information for training was presented to the Board. No action was required.

Pending Legislation

Included in the member's packet was SB2170/HB2225 which deals with self-appointed commissioners in multi-county districts.

Ms. Welborn distributed to the Board additional legislation as follows:

SB2652/HB2770 – requiring customer input on commissioner appointments prior to recommendations being made to the County Mayor.

SB3209/HB3524 – allowing the Tennessee Local Development Authority to refer cases to this Board or the Water and Wastewater Financing Board for a system failing to meet any loan covenant with the authority.

SB3297/HB3424 and SB3298/HB3426 – allows a public utility subject to the jurisdiction of the Tennessee Regulatory Authority to be included in negotiations of consolidation of a utility district in order to restore financial stability.

SB3459/HB3501 – allows the Unicoi County Water District to revert to an election process when selecting new members of the board of commissioners

SB3227/HB3541 – requires county commission approval in order to create a new utility district

Mr. Leggett made a motion to send a letter to the Governor stating the Board’s opposition to SB3297/HB3424 and SB3298/HB3426. Mr. Stafford seconded the motion. The motion was carried with Ms. Butterworth not voting.

Jurisdiction List

Ms. Welborn stated that the Board package included a schedule identifying all systems which are currently under the Board’s jurisdiction. Also included was a status report of the water loss cases under the Board’s review.

Future Meetings

The next meeting of the Board will be held at 10:00 am April 5, 2012, in Nashville.

Ms. Butterworth moved to reconsider the actions of the Board regarding the approval of the October 6, 2011 meeting. The Board voted to take no action regarding the investigative report of the Cagle-Freedonia Utility District.

Mr. Leggett moved to adjourn the meeting. Mr. Anderson seconded the motion, and it was unanimously approved.

Respectfully submitted,

David Norton
Chairman

Joyce Welborn
Board Coordinator

MINUTES
JOINT MEETING OF THE
WATER AND WASTEWATER FINANCING BOARD
And the
UTILITY MANAGEMENT REVIEW BOARD MEETING
June 6, 2012
10:00 a.m.

Chairperson Ann Butterworth opened the joint meeting of the Water and Wastewater Financing Board and the Utility Management Review Board (UMRB) in Legislative Plaza, Room 31, Nashville, Tennessee.

Utility Management Review Board members present and constituting a quorum:

Ann Butterworth, Comptroller Designee

Charlie Anderson, Bloomingdale Utility District Commissioner

Donnie Leggett, Hardeman Fayette Utility District Manager

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

Troy Roach, New Market Utility District Manager

Donald Stafford, Eastside Utility District Manager

Water and Wastewater Financing Board Members present and constituting a quorum:

Ann Butterworth, Comptroller Designee

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

Ben Bolton, Representing Manufacturing Interests

Drexel Heidel, Active Employee of a Water Utility District

Randy Wilkins, Representing Utility Districts

Betsy Crossley, Representing Municipalities

Staff present:

Joyce Welborn, Division of County Audit, Comptroller's Office

Greg Cothron, Staff Attorney, Comptroller's Office

Jim Arnette, Director, Division of County Audit, Comptroller's Office

Ms. Butterworth requested the members of the Boards introduce themselves and state who they represent. She then asked Mr. Cothron to introduce his guest. He stated that Ms. Rachel Newton would be training with him through the end of December 2012 in order to assume the role of counsel for the Boards in 2013 and beyond.

Ms. Butterworth introduced Mr. Chris Leauber, Executive Director of the Water and Wastewater Authority of Wilson County, to make a presentation to the Board. After the presentation and a brief recess, the boards reaffirmed the October 7, 2010, decision to adopt the American Water Works Association (AWWA) water loss methodology for inclusion in any audited financial statements received by the Comptroller of the Treasury on or after January 1, 2013. That affirmation was in the form of a motion by Tom Moss, on behalf of both Boards, to adopt the following:

- I. Require that the AWWA Free Water Audit Software be submitted electronically in an Excel format. This item should be submitted in conjunction with the annual audited financial statements.
- II. Utilities will be referred to the Boards based on:
 - A. Incomplete AWWA water audit submitted anytime on or after January 1, 2013;
 - B. For audits received by the Comptroller of the Treasury from 1/1/2013 to 12/31/2014 -Validity score of 65 or less or non-revenue water as a percent by cost of operation system of 30% or greater;
 - C. For audits received by the Comptroller of the Treasury from 1/1/2015 to 12/31/2016 -Validity score of 70 or less or non-revenue water as a percent by cost of operation system of 25% or greater;
 - D. For audits received by the Comptroller of the Treasury from 1/1/2017 to 12/31/2018 - Validity score of 75 or less or non-revenue water as a percent by cost of operation system of 20% or greater;
 - E. For audits received by the Comptroller of the Treasury from 1/1/2019 to 12/31/2020 Validity score of 80 or less or non-revenue water as a percent by cost of operation system of 20% or greater.

Failure to achieve any one of designated levels will result in a referral to the Board(s).

It was clarified that the requirements and levels will be reviewed by the Boards annually to ensure the desired results are being achieved. The levels are subject to change by approval of the Board(s).

Mr. Stafford seconded the motion on behalf of the Utility Management Review Board and Mr. Bolton seconded the motion on behalf of the Water and Wastewater Financing Board. By voice vote and show of hands, the motion was approved unanimously by both boards.

After additional comments from Mr. Leauber regarding the creation of an advisory committee, it was decided that staff would return at a future meeting with recommendations for membership and responsibilities of such a committee.

Future Meetings

The next regular meeting of the Water and Wastewater Financing Board will be held July 12, 2012, in Nashville.

The next regular meeting of the Utility Management Review Board will be held August 9, 2012, in Gatlinburg.

Mr. Wilkins moved to adjourn the meeting of the Water and Wastewater Financing Board. Mr. Heidel seconded the motion and it was unanimously approved.

Ms. Butterworth stated that the Utility Management Review Board would need to have a special meeting very quickly and turned to Mr. Cothron for comments. The Chancellor's order in the Powell-Clinch Utility District (PCUD) case was received early this week. The Chancellor upheld five (5) of the Administrative Law Judge's denials of PCUD's motions to dismiss and reversed one (1) of the Administrative Law Judge's denials. There is a very short time frame allowed to determine whether the Board wants to appeal the reversal. Since the agenda for today's meeting had been set and published, no discussions on the PCUD matter could occur, and another meeting would be required. It was decided that the Board would meet at 10:00 am on June 14, 2012, with as many members as possible present physically and others via telephone conference call out of necessity.

Mr. Leggett moved to adjourn the meeting. Mr. Stafford seconded the motion and it was unanimously approved.

Respectfully submitted,

Ann Butterworth
Chairperson

Joyce Welborn
Board Coordinator

MINUTES
of the
UTILITY MANAGEMENT REVIEW BOARD MEETING
June 14, 2012
10:00 a.m.

Chairperson Ann Butterworth opened the meeting of the Utility Management Review Board (UMRB) in the 17th floor conference room, James K. Polk State Office Building, Nashville, Tennessee.

Board members present and constituting a quorum:

Ann Butterworth, Comptroller Designee

Donnie Leggett, Hardeman Fayette Utility District Manager

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

Troy Roach, New Market Utility District Manager

Donald Stafford, Eastside Utility District Manager

Charlie Anderson, Bloomingdale Utility District Commissioner, via phone

Staff present:

Joyce Welborn, Division of Local Government Audit, Comptroller's Office

Greg Cothron, Assistant General Counsel, Comptroller's Office

Chad Jackson, Assistant General Counsel, Comptroller's Office

Rachel Newton, Assistant General Counsel, Comptroller's Office

Mr. Cothron provided Board members a brief overview of the purpose of the meeting - the discussion of and possible action related to the Chancellor's Memorandum and Order in the matter of the Utility Management Review Board v. Powell-Clinch Utility District Commissioners. Mr. Cothron specifically addressed the Chancellor's ruling that the UMRB was not authorized to include in the ouster proceeding alleged acts not identified in the Comptroller's investigative audit report.

Mr. Moss moved that the board appeal the Chancellor's ruling and have legal staff notify the Attorney General's office of the UMRB's vote to appeal. Mr. Anderson seconded the motion. After a roll call vote, the motion carried unanimously.

Mr. Roach moved to adjourn the meeting. Mr. Anderson seconded the motion, and it was unanimously approved.

Respectfully submitted,

Ann Butterworth
Chairperson

Joyce Welborn
Board Coordinator

UTILITY MANAGEMENT REVIEW BOARD
Case Study

Case: Claiborne County Utilities District, Claiborne County
Manager: George Coots
Customers: 5,732 water; 2,190 sewer; 853 natural gas
Water loss: 27%

The Claiborne County Utilities District has been reported to the Board as having two consecutive years with a negative change in net assets in its water system as of July 31, 2011. The financial and rate history is reflected on the attached sheet.

District officials stated that the financial condition of the water system is because costs are not allocation correctly to each of the three utility systems. As noted on page 24 of the FY 11 financial statements (attached) there is a "lopsided" allocation currently being used for such items as uniforms, wages, fringe, fuel expense and debt service. In addition, there was a \$526,703 SWAP termination fee in FY 10.

The three commissioners of the District are appointed by the County Mayor.

The District is not hesitant to increase rates. As reflected in the information provided by the Manager, either the minimum bill or the per thousand gallon rate has been increased almost annually. However, the District doesn't want to increase rates again until the proper allocation has been implemented. That allocation should be in place with the FY 12 audited financial statements.

Staff recommends the Board endorse the actions of the Claiborne County Utilities District. The District will remain under the jurisdiction until an audit is received which reflects compliance.

CLAIBORNE COUNTY UTILITY DISTRICT		
HISTORY FILE		
	Audited	Audited
Fiscal Year ending July 31	2010	2011
Water revenues	\$ 1,895,132	\$ 1,974,781
Other revenues	\$ 185,717	\$ 186,166
Total Operating Revenues	\$ 2,080,849	\$ 2,160,947
Total Operating Expenses	\$ 1,934,931	\$ 2,062,782
Operating Income	\$ 145,918	\$ 98,165
Interest Expense	\$ 310,916	\$ 160,183
SWAP Termination Fee	\$ (526,703)	
Change in Net Assets	\$ (691,701)	\$ (62,018)
<u>Supplemental Information</u>		
Principal payment	?	?
Depreciation	\$ 331,045	\$ 333,232
Water Rates		
Residential		
0 - 2,000 gallons	\$ 15.48	\$ 17.06
2,001 - 20,000 gallons	\$ 4.77	\$ 5.00
20,001 - 50,000 gallons	\$ 4.46	\$ 4.68
50,001 - 75,000 gallons	\$ 3.87	\$ 4.06
75,001 - 100,000 gallons	\$ 3.01	\$ 3.16
All over	\$ 2.69	\$ 2.82
Water customers	5,684	5,732
Water Loss	28.000%	27.000%

**CLAIBORNE UTILITIES DISTRICT OF
CLAIBORNE COUNTY, TENNESSEE**
REVENUES, EXPENSES AND CHANGES IN NET ASSETS DETAIL

Year ended July 31, 2011

Operating Expenses Before Depreciation:

	Total	Water System	Sewer System	Gas System
Advertising	\$ 934	734	-	200
Professional services	16,200	5,400	5,400	5,400
Bonds and insurance	310,469	261,649	24,410	24,410
Chemicals	129,908	54,480	75,428	-
Collecting and billing	32,769	20,213	1,935	10,621
Express, postage and printing	1,244	1,193	51	-
Fuel	59,568	59,474	94	-
Propane - plant	5,477	3,352	2,125	-
Vehicle repairs and maintenance	10,003	7,379	1,711	913
Miscellaneous	21,817	17,987	2,041	1,789
Office supplies and expense	6,427	5,959	468	-
Power	458,700	310,782	147,918	-
Repairs and maintenance	328,601	206,308	103,062	19,231
Supplies	40,313	5,271	27,227	7,815
Telephone	31,696	24,839	3,291	3,566
Travel	4,718	1,546	1,611	1,561
Gas purchases	961,993	-	-	961,993
Items purchased for resale	18,829	-	-	18,829
Uniform rental	4,071	4,071	-	-
Wages	932,726	626,572	187,026	119,128
Taxes - payroll	72,847	49,746	14,205	8,896
Employees' retirement plan	39,770	38,770	500	500
Sampling	14,310	5,127	9,183	-
Engineering fee	3,351	1,181	2,170	-
Mapping	1,476	492	492	492
Memberships and tuition	16,025	8,506	4,960	2,559
	<u>\$ 3,524,242</u>	<u>1,721,031</u>	<u>615,308</u>	<u>1,187,903</u>

10 YEAR WATER SERVICE RATES

DATE	FIRST 2,000 GAL.	NEXT 18,000 GAL.	NEXT 30,000 GAL.	NEXT 25,000 GAL.	NEXT 25,000 GAL.	NEXT 25,000 GAL.	OVER 100,000 GAL.	% INCREASE	BASE RATE INC. Y/N
August 1, 2001	13.00	3.65	3.40	2.95	2.30	2.05	2.05	N/A	N/A
August 1, 2002	13.65	3.83	3.57	3.10	2.42	2.15	2.15	5%	Y
August 1, 2003	13.65	4.02	3.75	3.26	2.54	2.26	2.26	5%	N
August 1, 2004	14.50	4.55	4.25	3.69	2.87	2.56	2.56	6.2%	Y
August 1, 2005	14.50	4.55	4.25	3.69	2.87	2056	2056	0	N
August 1, 2006	14.75	4.55	4.25	3.69	2.87	2.56	2.56	1.8%	Y
August 1, 2007	15.48	4.55	4.25	3.69	2.87	2.56	2.56	5%	Y
August 1, 2008	15.48	4.55	4.25	3.69	2.87	2.56	2.56	0	N
August 1, 2009	15.48	4.77	4.46	3.87	3.01	2.69	2.69	5%	N
August 1, 2010	16.25	5.00	4.68	4.06	3.16	2.82	2.82	5%	Y
August 1, 2011	17.06	5.00	4.68	4.06	3.16	2.82	2.82	5%	Y

Claiborne Utilities District

P.O. Box 606
New Tazewell, Tennessee 37824
423-626-4282

Thomas O. Shumate, President
William R. Stanifer, Jr., Treasurer
David W. Bishop, Secretary

Carl Doane, CEO
George Coots, General Manager

July 18, 2012

JUL 19 2012

Ms. Joyce Welborn
Tennessee Comptroller of the Treasury
Division of County Audit
505 Deaderick St. Suite 1500
James K Polk State Office Bldg
Nashville, TN 37243

RE: 10 Month Projection

Dear Joyce,

I have enclosed the information you requested concerning the 10 month projection of the water department of Claiborne Utilities District. We have redistributed some of the expenses such as fuel and medical insurance costs that were formerly allocated entirely to the water division. These expenses are now apportioned in a more appropriate manner between the water, wastewater and gas divisions. A letter from our accountant is enclosed along with a 10 month statement of revenues and expenses. Included in the packet you will find a copy of the budget for the 2013 fiscal year, schedule of rate changes and debt schedule. If you require more information or have any questions, please call.

Sincerely,



George Coots
General Manager

JIM BULL, CPA

MEMBER
AICPA
TSCPA

CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 85
TAZEWELL, TENNESSEE 37879

TELEPHONE
423-626-5290
FAX
423-626-5299

July 2, 2012

Ms. Joyce Welborn
Tennessee Comptroller of the Treasury
Division of County Audit
505 Deaderick St. Suite 1500
James K. Polk State Office Bldg.
Nashville, TN 37243

RE: Claiborne Utilities District of Claiborne County, Tennessee

Dear Joyce Welborn:

Each year I assist the above captioned utilities district in adjusting certain general ledger accounts at their yearend. After the district's July 31, 2011 audit, it has come to the district's attention that the apportionment method of the district's expenses between the three divisions (water, sewer and gas) needed to be reviewed. The district found that the method used might have allocated an inappropriate amount of some expenses to the water division. The district has changed its apportionment method for these expenses for the year ending July 31, 2012 and asked that I compile the revenues and expenses of the district's water division for the ten months ended May 31, 2012. Please advise if you have questions about these changes.

Sincerely,


Jim Bull

JIM BULL, CPA

MEMBER
AICPA
TSCPA

CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 85
TAZEWELL, TENNESSEE 37879

TELEPHONE
423-626-5290
FAX
423-626-5299

ACCOUNTANT'S COMPILATION REPORT

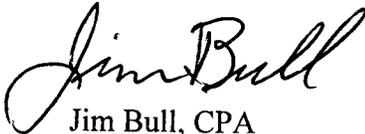
To the Board of Commissioners
Claiborne Utilities District of Claiborne County, Tennessee
Water System Division
New Tazewell, Tennessee

I have compiled the accompanying statement of revenue and expenses of the Water System Division of Claiborne Utilities District of Claiborne County, Tennessee (the "District") for the ten months ended May 31, 2012. I have not audited or reviewed the accompanying financial statement and, accordingly, do not express an opinion or provide any assurance about whether the financial statement is in accordance with accounting principles generally accepted in the United States of America.

The District's management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included with the statement of revenues and expenses, they might influence the user's conclusions about the District's results of operations. Accordingly, this statement of revenues and expenses is not designed for those who are not informed about such matters.



Jim Bull, CPA
June 29, 2012

CLAIBORNE UTILITIES DISTRICT OF CLAIBORNE COUNTY, TENNESSEE
WATER SYSTEM DIVISION
Statement of Revenues and Expenses
For the Ten Months Ended May 31, 2012

Operating Revenue:		
Customer Sales	1,630,974.65	
Tap Fees, Connections & Extensions	129,986.64	
Service to Others	10,756.06	
Miscellaneous	51,373.53	
Total Operating Revenue	<u>1,823,090.88</u>	1,823,090.88
Operating Expenses		
Engineering Expense	12,568.28	
Plant Supplies	4,481.28	
Chemicals	28,554.09	
Sampling	6,777.33	
Service Connections & Extensions	42,920.89	
Vehicle Repair & Maintenance	6,932.89	
Fuel	16,055.95	
Propane for Water Plant	3,049.11	
Advertising	852.18	
Billing & Collecting	12,054.17	
Wages	504,450.79	
Payroll Taxes	41,087.57	
Employee Health Insurance	135,070.09	
Employee Retirement	34,400.31	
Postage & Freight	1,456.44	
Audit & Legal Fees	5,730.00	
Custodial Care	9,235.10	
Insurance	26,875.36	
Miscellaneous	20,269.07	
Uniforms	3,323.69	
Travel, Dues & Education	5,058.01	
Electricity	243,446.71	
Communications	20,250.49	
Office Supplies	4,456.26	
Maintenance & Repair	113,861.68	
Lease Payments	1,142.38	
Customer Materials	27,746.20	
Depreciation	273,648.43	
Total Operating Expenses	<u>1,605,754.75</u>	1,605,754.75
Operating Income		<u>217,336.13</u>
Non-operating Revenue (Expense)		
Interest Charges	(130,281.32)	
Investment Income	5,155.32	
Total Non-operating Revenue (Expense)		<u>(125,126.00)</u>
Change in Net Assets		<u><u>92,210.13</u></u>

See Accountant's Compilation Report
Jim Bull, CPA

The Claiborne Utilities District Board of Commissioners met in regular session at the District Office in New Tazewell, Tennessee, on July 16, 2012.

Present were:	Thomas O. Shumate	President
	William Stanifer, Jr.	Treasurer
	David Bishop	Secretary
	Carl Doane	CEO
	George Coots	General Manager
	Rusty Hardin	WWTP Superintendent
	Dwane Byrd	Construction Superintendent
	Debra Roe	Office Manager

Meeting was called to order.

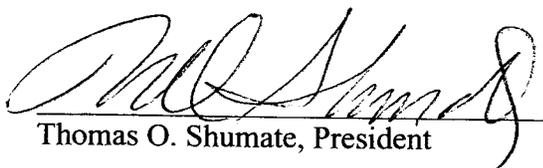
Reports were given and approved.

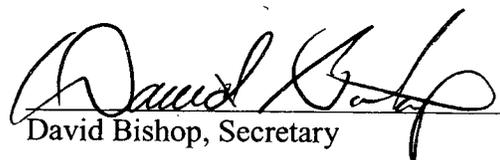
George Coots presented the bids for the commercial and workers comp insurance. Five insurance packets were sent out to prospective companies. Two bids were received, one from Dennis Clark with Energy Insurance and one from Kurt Derwenskus with Insurance Professionals. Energy Insurance provided a bid of \$51,723.00 for Commercial and \$39,173.00 for workers comp for a total of \$90,896.00. Insurance Professionals bid was \$68,982.00 for commercial and \$31,719.00 for workers comp for a total of \$100,701.00. George suggested splitting the package between the two. Bill Stanifer motioned to accept the bid for commercial insurance from Energy Insurance at \$51,723.00 and the workers comp insurance from Insurance Professionals at \$31,719.00, providing the agents were willing to split the package. In the event either agent was unwilling to split the package the motion stated the bid from Energy Insurance would be accepted. David Bishop seconded the motion. The vote was unanimous.

George Coots then proposed an increase in water and wastewater rates. He also proposed an increase of the minimum fee for gas on residential and commercial customers only. The schedule of rate increases is attached. Bill Stanifer made a motion to approve the proposed rate increase effective August 1, 2012. David Bishop seconded. The vote was unanimous and the motion passed.

Next on the agenda was the Budget for fiscal year 2013. David Bishop moved to approve the budget presented for fiscal year 2013. Bill Stanifer seconded the motion. The vote was taken and motion was passed unanimously.

With no further business to discuss, the meeting was adjourned.


Thomas O. Shumate, President


David Bishop, Secretary

Claiborne Utilities District

Rates Effective August 1, 2012

WATER:

			<u>New Rate</u>
Minimum Bill	1 st 2,000 Gallons	\$17.06	\$ 18.45
Next 18,000	Per 1,000 Gallons	\$ 5.00	\$ 5.40
Next 30,000	Per 1,000 Gallons	\$ 4.68	\$ 5.05
Next 25,000	Per 1,000 Gallons	\$ 4.06	\$ 4.38
Next 25,000	Per 1,000 Gallons	\$ 3.16	\$ 3.41
Next 100,000	Per 1,000 Gallons	\$ 2.82	\$ 3.05

SEWER:

New Tazewell/Tazewell

			<u>New Rate</u>
Minimum Bill:	Up to 2,000 Gallons	\$14.20	\$15.65
Pump		\$10.00	\$12.00
Over 2,000 Gal.	Per 1,000 Gallons	\$ 4.25	\$ 4.68
Harrogate Transportation/Treatment Charge: Per 1,000 Gallons		\$4.55	\$ 5.00

GAS:

Minimum Bill

New Rate

Residential	\$ 5.00	\$8.00
Commercial	\$20.00	\$25.00

2012-2013 Tap Fees & Meter Set			
Water	Tap Fee	Meter	Total
5/8 inch	\$700.00	\$60.00	\$760.00
1 inch			\$980.00
1 ½ inch			\$1,950.00
2 inch			\$2,950.00
Sewer	\$600.00		\$600.00

Applicable sales tax will be added.

Claiborne Utilities District

P.O. Box 606
New Tazewell, Tennessee 37824
423-626-4282

Thomas O. Shumate, President
William R. Stanifer, Jr., Treasurer
David W. Bishop, Secretary

Carl Doane, CEO
George Coots, General Manager

July 18, 2012

Legislative Auditor
Division of Local Finance
Suite 1700 James K. Polk State Office Building
505 Deaderick Street
Nashville, TN 37243-0274

COPY

To Whom It May Concern:

Enclosed for your review is our proposed budget for FY 2013, a copy of the minutes of the July board meeting stating approval of the budget and rates increase, and a copy of our debt service schedule for FY 2013.

We trust this satisfies the requirements of your office.

Yours truly,


George Coots
General Manager
Claiborne Utilities District

**Claiborne Utilities District
Schedule of Revenues/ Expenditures
Budget for the Year Ending July 31, 2013**

<u>Operating Revenue</u>		<u>Budget FY 2012</u>	<u>Budget FY 2013</u>
<u>Metered Water Sales-Retail</u>	4610-1	\$2,094,000	\$2,184,630
<u>Metered Water Sales- Wholesale</u>	4620-1	\$0	\$0
<u>Sewer Service Charges</u>	4610-2	\$1,023,000	\$1,050,000
<u>Gas Sales</u>	4610-3	\$2,200,000	\$1,800,000
<u>Gas Appliances</u>	4200-3	\$10,500	\$23,600
<u>Bulk</u>	4600-1	\$16,500	\$14,200
<u>Labor</u>	4300	\$1,000	\$1,000
<u>Penalties</u>	4711-1,2,3	\$78,000	\$66,000
<u>Hook-Up Fee</u>	4800-1	\$48,000	\$56,700
<u>Turn On Fee</u>	4900-3	\$2,500	\$2,000
<u>Subtotal</u>		<u>\$5,473,500</u>	<u>\$5,198,130</u>
<u>Other Revenue</u>			
<u>Interest Earned</u>	4190-1	\$28,500	\$27,000
<u>Contributed Revenue</u>	4650-1,2,3	\$0	\$0
<u>Dry Tap Charges</u>	4712-1,2,3	\$42,000	\$44,000
<u>Miscellaneous Charge</u>	4710	\$68,800	\$72,200
<u>Investment Income</u>	4195-1	\$20,000	\$0
<u>Sale of Equipment</u>	4720-1	0	0
<u>Extensions</u>	4420-1,2,3	\$38,000	\$40,000
<u>Sale of Truck</u>	4740-1	\$0	\$0
<u>Lab Testing</u>	4713-1	\$2,900	\$3,000
<u>Insurance Proceeds</u>	4196-1	0	0
<u>Service Connects</u>	4440	\$8,200	\$8,700
<u>Gas Transportation Fee</u>		\$5,900	\$6,500
<u>Total Revenue</u>		<u>\$5,687,800</u>	<u>\$5,399,530</u>

<u>Pumping & Purification Water</u>		<u>\$657,300</u>	<u>\$597,300</u>
<u>Pumping & Waste Water Treatment</u>		<u>\$643,850</u>	<u>\$666,900</u>
<u>Gas Meter & Regulation Stations</u>		<u>\$120,600</u>	<u>\$108,600</u>
<u>Transmission & Distribution Water</u>		<u>\$771,100</u>	<u>\$704,500</u>
<u>Transmission & Distribution Gas</u>		<u>\$142,600</u>	<u>\$163,900</u>
<u>Natural Gas Purchase</u>	<u>7000-3</u>	<u>\$1,150,000</u>	<u>\$989,000</u>
<u>General & Administrative</u>		<u>\$714,100</u>	<u>\$698,000</u>
<u>Interest Expense on Bonds</u>	<u>9315-3</u>	<u>\$448,000</u>	<u>\$438,000</u>
<u>AMR Replacement Fund</u>		<u>\$12,000</u>	<u>\$12,000</u>
<u>Depreciation</u>		<u>\$660,000</u>	<u>\$660,000</u>
<u>Amortization</u>		<u>0</u>	<u>\$0</u>
<u>Payment on Bond</u>	<u>2225-3</u>	<u>\$320,000</u>	<u>\$330,000</u>
<u>Total Expenses</u>		<u>\$5,639,550</u>	<u>\$5,368,200</u>
<u>Revenue Over Expenses</u>		<u>\$48,250</u>	<u>\$31,330</u>
<u>Retained Earnings</u>			
<u>Capital Projects-Current Year Funds</u>			

Pumping and Purification - Water

<u>Expenses</u>	<u>Acct.#</u>	<u>Budget FY 2012</u>	<u>Budget FY 2013</u>
<u>Salaries</u>	<u>9200-1</u>	<u>\$155,000</u>	<u>\$142,000</u>
<u>Benefits</u>	<u>9201-1 & 9202-1</u>	<u>\$11,900</u>	<u>\$10,800</u>
<u>Supplies</u>	<u>6030-1</u>	<u>\$7,000</u>	<u>\$7,000</u>
<u>Chemicals</u>	<u>6410-1</u>	<u>\$56,000</u>	<u>\$42,800</u>
<u>Insurance</u>	<u>9240-1</u>	<u>\$13,000</u>	<u>\$12,000</u>
<u>Utilities</u>	<u>9304-1</u>	<u>\$345,000</u>	<u>\$325,000</u>
<u>Communications</u>	<u>9305-1</u>	<u>\$8,900</u>	<u>\$9,000</u>
<u>Testing & Analysis</u>	<u>6430-1</u>	<u>\$11,000</u>	<u>\$9,300</u>
<u>Travel & School Expense</u>	<u>9303-1</u>	<u>\$2,500</u>	<u>\$1,900</u>
<u>Miscellaneous</u>	<u>9301-1</u>	<u>\$7,000</u>	<u>\$11,000</u>
<u>Vehicle Maintenance</u>	<u>6651-1</u>	<u>\$1,000</u>	<u>\$0</u>
<u>Propane</u>	<u>6653-1</u>	<u>\$4,500</u>	<u>\$3,500</u>
<u>Membership Dues & Tuition</u>	<u>9302-1</u>	<u>\$2,500</u>	<u>\$1,500</u>
<u>WP Maintenance</u>	<u>9321-1</u>	<u>\$30,000</u>	<u>\$20,000</u>
<u>Office Supplies</u>	<u>9307-1</u>	<u>\$2,000</u>	<u>\$1,500</u>
<u>Total</u>		<u>\$657,300</u>	<u>\$597,300</u>

Pumping and Waste Water Treatment - Sewer

<u>Expenses</u>	<u>Acct. #</u>	<u>Budget FY 2012</u>	<u>Budget FY 2013</u>
Salaries	9200-2	\$175,500	\$193,000
Benefits	9201-2 & 9202-2	\$13,400	\$14,700
Supplies	6030-2	\$13,600	\$10,000
Chemicals	6410-2	\$105,000	\$111,000
Maintenance	9320-2	\$45,000	\$63,000
Propane	6653-2	\$3,000	\$3,000
Equipment	1016-2 & 1017-2	\$25,000	\$3,000
Insurance	9240-2	\$20,000	\$28,200
Utilities	9304-2	\$172,500	\$160,000
Travel & School Expense	9303-2	\$1,400	\$1,500
Membership Dues & Tuition	9302-2	\$5,200	\$7,500
Truck (Main. & Repair)	6650-2	\$1,100	\$1,200
Communications	9305-2	\$3,700	\$3,300
Testing & Analysis	6430-2	\$8,000	\$12,500
Miscellaneous	9301-2	\$2,700	\$800
Postage, Shipping	9211-2	\$150	\$100
Engineering	6000-2	\$6,000	\$4,000
Extensions	6620-2	\$15,000	\$17,000
Service Connects	6640-2	\$25,000	\$30,000
Custodial	9232-2	\$1,000	\$1,500
Office Supplies	9306-2	\$600	\$600
Mapping	7100-2	\$1,000	\$1,000
<u>Subtotal</u>		<u>\$643,850</u>	<u>\$666,900</u>

Gas Meter, Regulators and Regulator Stations - Gas

<u>Expenses</u>	<u>Acct. #</u>	<u>Budget FY 2012</u>	<u>Budget FY 2013</u>
<u>Supplies</u>	<u>9306-3</u>	<u>\$500</u>	<u>\$500</u>
<u>Maintenance</u>	<u>9320-3</u>	<u>\$23,000</u>	<u>\$37,000</u>
<u>Gas, Oil, & Grease</u>	<u>6652-3</u>	<u>\$500</u>	<u>\$500</u>
<u>Insurance</u>	<u>9240-3</u>	<u>\$19,800</u>	<u>\$28,200</u>
<u>Membership Dues & Tuition</u>	<u>9302-3</u>	<u>\$2,100</u>	<u>\$1,500</u>
<u>Communications</u>	<u>9305-3</u>	<u>\$3,700</u>	<u>\$3,900</u>
<u>Vehicle Main. & Repair</u>	<u>6650-3</u>	<u>\$2,000</u>	<u>\$5,000</u>
<u>Extensions, Construction</u>	<u>6620-3</u>	<u>\$40,000</u>	<u>\$32,000</u>
<u>Equipment</u>	<u>1017-3</u>	<u>\$4,000</u>	<u>\$0</u>
<u>Service Truck</u>	<u>1018-3</u>	<u>\$25,000</u>	<u>\$0</u>
<u>Subtotal</u>		<u>\$120,600</u>	<u>\$108,600</u>

Transmission and Distribution - Water

<u>Expenses</u>	<u>Acct. #</u>	<u>Budget FY 2012</u>	<u>Budget FY 2013</u>
<u>Salaries</u>		<u>\$380,700</u>	<u>\$365,000</u>
<u>Benefits</u>	<u>9201-1 & 9202-1</u>	<u>\$29,000</u>	<u>\$28,000</u>
<u>Maintenance</u>	<u>9320-1</u>	<u>\$132,000</u>	<u>\$124,000</u>
<u>Gas, Oil, and Grease</u>	<u>6652-1</u>	<u>\$62,000</u>	<u>\$62,000</u>
<u>Uniforms</u>	<u>9210-1</u>	<u>\$4,300</u>	<u>\$4,200</u>
<u>Insurance</u>	<u>9240-1</u>	<u>\$26,500</u>	<u>\$16,500</u>
<u>Truck (Main. & Repair)</u>	<u>6650-1</u>	<u>\$12,600</u>	<u>\$8,500</u>
<u>Communications</u>	<u>9305-1</u>	<u>\$8,800</u>	<u>\$9,000</u>
<u>Miscellaneous</u>	<u>9301-1</u>	<u>\$6,500</u>	<u>\$11,000</u>
<u>Mapping</u>	<u>7100-1</u>	<u>\$1,000</u>	<u>\$1,000</u>
<u>Engineering</u>	<u>6000-1</u>	<u>\$3,200</u>	<u>\$6,000</u>
<u>Extensions</u>	<u>6620-1</u>	<u>\$46,000</u>	<u>\$30,200</u>
<u>Membership Dues & Tuition</u>	<u>9302-1</u>	<u>\$2,400</u>	<u>\$1,500</u>
<u>Service Connects</u>	<u>6640-1</u>	<u>\$30,000</u>	<u>\$35,000</u>
<u>Travel & School Expense</u>	<u>9303-1</u>	<u>\$1,100</u>	<u>\$2,600</u>
<u>Service Trucks</u>	<u>1018-1</u>	<u>\$25,000</u>	<u>\$0</u>
<u>Subtotal</u>		<u>\$771,100</u>	<u>\$704,500</u>

Transmission and Distribution - Gas

<u>Expenses</u>	<u>Acct. #</u>	<u>Budget FY 2012</u>	<u>Budget FY 2013</u>
<u>Salaries</u>	<u>9200-3</u>	<u>\$100,400</u>	<u>\$103,000</u>
<u>Benefits</u>	<u>9201-3 & 9202-3</u>	<u>\$7,700</u>	<u>\$7,900</u>
<u>Maintenance</u>	<u>9320-3</u>	<u>\$1,000</u>	<u>\$1,000</u>
<u>Service Connections</u>	<u>6640-3</u>	<u>\$15,500</u>	<u>\$25,000</u>
<u>Miscellaneous</u>	<u>9301-3</u>	<u>\$2,000</u>	<u>\$1,000</u>
<u>Heaters, Grills</u>	<u>6200-3</u>	<u>\$15,000</u>	<u>\$25,000</u>
<u>Mapping</u>		<u>\$1,000</u>	<u>\$1,000</u>
<u>Subtotal</u>		<u>\$142,600</u>	<u>\$163,900</u>

General and Administrative

<u>Expenses</u>	<u>Acct. #</u>	<u>Budget FY 2012</u>	<u>Budget FY 2013</u>
<u>Salaries</u>	<u>9200-1</u>	<u>\$216,000</u>	<u>\$220,300</u>
<u>Benefits</u>	<u>9201-1 & 9202-1</u>	<u>\$16,500</u>	<u>\$16,700</u>
<u>Postage & Freight</u>	<u>9211-1,2,3</u>	<u>\$2,300</u>	<u>\$1,700</u>
<u>Supplies</u>	<u>9306-1</u>	<u>\$6,000</u>	<u>\$5,700</u>
<u>Advertisement</u>	<u>6660-1,2,3</u>	<u>\$1,500</u>	<u>\$2,800</u>
<u>Communications</u>	<u>9305-1</u>	<u>\$9,000</u>	<u>\$9,000</u>
<u>Mileage</u>	<u>9204-1</u>	<u>\$1,300</u>	<u>\$1,000</u>
<u>Legal and Accounting</u>	<u>9230-1,2,3</u>	<u>\$21,000</u>	<u>\$17,900</u>
<u>Custodial</u>	<u>9232-1</u>	<u>\$11,900</u>	<u>\$12,400</u>
<u>Bad Debts</u>	<u>9040-1,2</u>	<u>\$19,600</u>	<u>\$19,000</u>
<u>Drug Testing</u>	<u>9270-1,2,3</u>	<u>\$1,600</u>	<u>\$1,900</u>
<u>Billing, Collecting</u>	<u>9030-1,2,3</u>	<u>\$32,000</u>	<u>\$29,000</u>
<u>Hospitalization</u>	<u>9250-1</u>	<u>\$304,800</u>	<u>\$305,000</u>
<u>Retirement</u>	<u>9260-1</u>	<u>\$48,400</u>	<u>\$49,500</u>
<u>Lease Prnts. (copier)</u>	<u>9340-1</u>	<u>\$2,200</u>	<u>\$1,600</u>
<u>Office Equipment</u>	<u>1016-1</u>	<u>\$20,000</u>	<u>\$4,500</u>
<u>Total Expenses</u>		<u>\$714,100</u>	<u>\$698,000</u>

CLAIBORNE UTILITIES DISTRICT

\$11,080,000 Water, Sewer & Gas Revenue Bonds, Series 2010

Dated: February 25, 2010

2010 Bonds dd 02252010 Final

Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
02/25/2010	-	-	-	-	-
12/01/2010	-	-	347,558.75	347,558.75	-
06/01/2011	190,000.00	3.000%	226,668.75	416,668.75	-
07/31/2011	-	-	-	-	764,227.50
12/01/2011	-	-	223,818.75	223,818.75	-
06/01/2012	320,000.00	3.000%	223,818.75	543,818.75	-
07/31/2012	-	-	-	-	767,637.50
12/01/2012	-	-	219,018.75	219,018.75	-
06/01/2013	330,000.00	3.000%	219,018.75	549,018.75	-
07/31/2013	-	-	-	-	768,037.50
12/01/2013	-	-	214,068.75	214,068.75	-
06/01/2014	335,000.00	3.000%	214,068.75	549,068.75	-
07/31/2014	-	-	-	-	763,137.50
12/01/2014	-	-	209,043.75	209,043.75	-
06/01/2015	350,000.00	3.000%	209,043.75	559,043.75	-
07/31/2015	-	-	-	-	768,087.50
12/01/2015	-	-	203,793.75	203,793.75	-
06/01/2016	360,000.00	3.250%	203,793.75	563,793.75	-
07/31/2016	-	-	-	-	767,587.50
12/01/2016	-	-	197,943.75	197,943.75	-
06/01/2017	370,000.00	3.500%	197,943.75	567,943.75	-
07/31/2017	-	-	-	-	765,887.50
12/01/2017	-	-	191,468.75	191,468.75	-
06/01/2018	380,000.00	3.500%	191,468.75	571,468.75	-
07/31/2018	-	-	-	-	762,937.50
12/01/2018	-	-	184,818.75	184,818.75	-
06/01/2019	395,000.00	4.000%	184,818.75	579,818.75	-
07/31/2019	-	-	-	-	764,637.50
12/01/2019	-	-	176,918.75	176,918.75	-
06/01/2020	405,000.00	4.000%	176,918.75	581,918.75	-
07/31/2020	-	-	-	-	758,837.50
12/01/2020	-	-	168,818.75	168,818.75	-
06/01/2021	420,000.00	4.000%	168,818.75	588,818.75	-
07/31/2021	-	-	-	-	757,637.50
12/01/2021	-	-	160,418.75	160,418.75	-
06/01/2022	440,000.00	4.000%	160,418.75	600,418.75	-
07/31/2022	-	-	-	-	760,837.50
12/01/2022	-	-	151,618.75	151,618.75	-
06/01/2023	455,000.00	4.000%	151,618.75	606,618.75	-
07/31/2023	-	-	-	-	758,237.50
12/01/2023	-	-	142,518.75	142,518.75	-
06/01/2024	475,000.00	4.000%	142,518.75	617,518.75	-
07/31/2024	-	-	-	-	760,037.50

UTILITY MANAGEMENT REVIEW BOARD
Case Study

Case: Mowbray Utility District, Hamilton County
Manager: David Callahan
Customers: 1,635 water
Water loss: 42.304%

The Mowbray Utility District has been reported to the Board as having two consecutive years with a negative change in net assets in its water system as of June 30, 2011, as well as excessive water loss.

The financial and rate history is reflected on the attached sheet.

District officials stated that the financial condition in the water system is because of a motor failure at the pump station and no rate increases since 2008. Theft of water is a big problem for the District.

All water is purchased from Soddy Daisy-Falling Water Utility District for \$2.05 per thousand gallons.

The water loss information is included for your review.

To remedy the financial situation, a 3% increase was enacted in July 2011. A \$600,000 grant was received during FY 12 which will ensure financial compliance.

The three commissioners of the District are appointed by the County Mayor.

Staff recommends the Board endorse the actions of the District. Staff will continue to monitor the District until an audit is received which reflects compliance.

MOWBRAY UTILITY DISTRICT		
HISTORY FILE		
	Audited	Audited
Fiscal Year June 30	2010	2011
Water revenues	\$ 684,711	\$ 706,193
Other revenues	\$ 72,165	\$ 61,960
Total Operating Revenues	\$ 756,876	\$ 768,153
Total Operating Expenses	\$ 680,306	\$ 736,216
Operating Income	\$ 76,570	\$ 31,937
Interest Expense	\$ 114,740	\$ 121,561
Capital contribution		\$ 35,170
Change in Net Assets	\$ (38,170)	\$ (54,454)
<u>Supplemental Information</u>		
Principal payment	\$ 57,075	\$ 50,243
Depreciation	\$ 163,327	\$ 164,323
<u>Water Rates</u>		
<u>Residential</u>		
0 - 2,000 gallons	\$ 23.54	\$ 23.54
All over	\$ 4.91	\$ 4.91
Water customers	1,613	1,635
Water Loss	39.963%	42.304%

Mowbray Mountain Utility District
P.O. Box 575
Soddy Daisy, TN 37384

July 30, 2012

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

Dear Joyce:

In reference to your recent inquiry concerning the unaccounted water loss for Mowbray Mountain Utility District, the following information is presented for your information in preparing for the upcoming UMRB. I have met and talked with Mr. Carlin Carpenter, Chairman of the Mowbray Mountain U.D. Board of Commissioners and their engineer about this situation. As you know the Board approved the installation of an AMR system that was completed in June of 2012 by Matchpoint, Inc. and that system is up and working. We are of the opinion that the AMR system will have a direct impact on the District's water loss. We found several small leaks during the installation process and we also expect an increase in revenue and a decrease in water loss with the new meters being installed and properly recording water usage.

As I previously mentioned, Mr. Carpenter and I had a meeting with Matchpoint, Inc. about the possibility of performing a complete water audit of the entire District. The pricing presently makes this choice cost prohibitive. MMUD is primarily a PVC system with various sizes and type of pipe in the ground. MMUD's present rate for a 5,000 gallon monthly water bill for a 3'4" service with tax is \$48.40 and is the highest in Hamilton County. There are no sewer charges on MMUD.

The installation of the new 12" ductile iron line from the Montlake Pump Station to the top of the mountain has been completed along with about a mile of new 10" main. We will continue to try to improve our water loss percentage and will still be looking strongly at the following areas:

- 1) Fire dept. usage. We are getting a better handle on this/reports being received.
- 2) Metering of hydrants being flushed annually.
- 3) Water theft by contractors; paving and tankers filling pools.
- 4) Theft of water. The AMR installation process will continue to help find illegal hookups.
- 5) Unknown leaks. Pipes improperly installed over the years; high pressure areas; old pipe.

MMUD does not have any full time employees. They do have access to a part-time employee who works as needed to help in the process of finding leaks, etc. SDFWUD provides all of the maintenance force to make necessary repairs. A portable leak detector is available and is presently being used to help find District leaks.

Using your Initial Checklist for Addressing Water Loss, here is my summary of where we are today.

1. Are you billing for all general government water use? **Not applicable.**
2. Are you accounting for the water used by the water and/or sewer department? **Not applicable. Purchases all water from Soddy Daisy Falling Water Utility District.**
3. Do you periodically check or inspect all 2" and larger meters. **Yes**
4. Do you have a recalibration policy and procedure in place. **No**
5. Do you have a meter replacement policy? Is the trigger based on age or on gallons? **AMR installation completed in June 2012; all new meters. Replacement usually determined by gallons.**
6. Do you have a process to inspect for unauthorized consumption? What are the consequences if unauthorized consumption is discovered? **Yes. District is managed by SDFWUD and we do look for unauthorized usage. Yes. We have prosecuted/penalized customers in the past for theft of water.**
7. Do you have a leak detection program currently in place? **No. Have met with leak detection company about an initial assessment of entire District. It is cost prohibitive at this time.**
8. Do you have written policies, including a policy for billing adjustment? Are the written policies followed correctly by all levels of staff? **Yes. We do have a written leak adjustment policy that is followed by all clerical employees.**
9. Do you have authorized non-customer users (volunteer fire departments, etc)? **Yes. We do have a couple of fire departments that are presently reporting their usage.**
10. Is your system "zoned" to isolate water loss. **No. System is not zoned. Installation of zone meters cost prohibitive at this time. Have purchased a flow monitor to be used as needed.**
11. Do you search for leaks at night when there is little traffic or small household usage? **MMUD does not do any night work looking for leaks. No full time employees available.**
12. Do you or can you control pressure surges? **We do have high pressure areas on MMUD. Most are controlled by pressure regulators on mains and at home meters. Some are maintained by the District but , most are maintained by customers.**
13. Do you have or have access to leak detection equipment? **Yes. We do have a state of the art leak detector that is used almost on a daily basis. Detector was a \$6,000 expense for us.**
14. What is your policy for notifying customers they have a leak? **We have door hangers that we leave at residences when we find a leak; also phone calls.**
15. Do you have a public relations program to encourage citizens to report leaks? **We have a program that provides a \$25 reward to any customer who turns in a bona fide leak. This is advertised in our annual CCR.**

16. Do you have a policy to prosecute water theft or meter tampering/damage? **We have prosecuted water theft on a few occasions but generally charge the customer a fee for the water before their service can be reinstated.**
17. What is the monetary value of the lost water? **MMUD purchases their water from SDFWUD. Assuming an annual purchase of 152,000,000 gallons of water, using a 41% water loss or 62,320,000 gallons, the cost of water lost @ \$2.05/1000 gallons would be close to \$128,000.**

If water loss is reduced by 11%, loss drops to \$93,480.

If water loss is reduced by 15%, loss drops to \$81,016.

Further reduction, less loss.

18. Is the cost to repair the leak justified based on the amount of water being lost. **Generally yes. The District's Board is still studying this issue and has not made a decision. A price for a complete water audit is cost prohibitive at this time.**

As previously mentioned, MMUD experienced a major blowout of its main that transmits water from the pump station in Soddy Daisy up the mountain to their first tank. Not only did they have a major loss of water in this incident, one of their motors in the pump station blew up. These two events caused a major expense to the District.

The District, because of their existing water rates, did not increase their rates in 2009 and 2010. They raised their rates 5% in 2011 and this was just enough to cover their existing debt schedule.

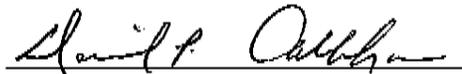
A rate sheet is included in this packet that will show all of the rates for Mowbray Mountain U.D., Soddy Daisy Falling Water U.D., and Sale Creek U.D. Mowbray Mountain Utility District presently has the highest rates in all of Hamilton County @ \$48.40 for 5,000 gallons.

I am including a copy of the AWWA audit that was performed by MMUD's engineer, Art Parry.

Mowbray Mountain Utility District's Board of Commissioners continues to be concerned about our water loss. We are doing everything that we can and will do our best to comply with any and all directives from the UMRB that are within our financial realm.

I can be contacted on my cell at 423-718-5825 or at my office at 423-332-2427, ext. 300. You may contact Mr. Carlin Carpenter, Board President, through this office at the highlighted number above.

Sincerely,



David P. Callahan

General Manager

Soddy Daisy Falling Water U.D.

Administrative Manager for MMUD

cc: Carlin Carpenter, Board President

Mowbray Mountain Utility District 2012

Water Loss Calculations: UMRB mandates water loss to be less than 35% annually.

Average Monthly Water Purchased by MMUD	=	12,700,000
Annual Water Sold to MMUD	=	152,000,000
Average water loss:	=	41.9%
Average annual water lost	=	63,688,000
Cost per 1,000 gallons	=	\$2.05
Cost of water lost	=	63,688,000/1,000 x \$2.05 = \$130,560

Average cost per customer for water lost using 1,633 customers = \$79.95 annually per customer
or \$6.66 per month per customer.

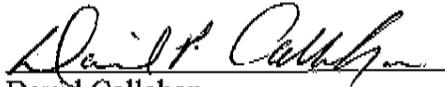
Assuming you could reduce your water loss by 11% and get it down to 30%
 $152,000,000 \times .30 = 45,600,000/1,000 \text{ gal.} = 45,600 \times \$2.05 = \mathbf{\$93,480}$
 $\$130,560 - \$93,480 = \text{a savings of } \$37,080 \text{ annually.}$

This loss equates to \$57.24 annual cost per customer or \$4.77 per month.

Assuming you could reduce your water loss by 15% and get it down to 26%
 $152,000,000 \times .26 = 39,520,000/1,000 \text{ gal.} = 39,520 \times \$2.05 = \mathbf{\$81,016}$
 $\$130,460 - \$81,016 = \text{a savings of } \$49,544 \text{ annually.}$

This loss equates to \$49.61 annual cost per customer or \$4.13 per month.

Two years of decreased water loss could possibly pay for a complete water audit by an outside independent contractor who deals specifically in water loss.



David Callahan
General Manager
SDFWUD

AWWA WCC Free Water Audit Software: Reporting Worksheet		Back to Instructions
Copyright © 2010, American Water Works Association. All Rights Reserved. WA9 v1.2		
Water Audit Report for: Monrovia Utility District Reporting Year: 2012 / 7/2012 - 6/2012		
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		
Enter grading in column 1E		
WATER SUPPLIED		
Volume from own sources	<input type="checkbox"/> 1 n/s	0.000 Million gallons (US) / yr. (MG/yr)
Master meter error adjustment (enter positive values)	<input type="checkbox"/> 2	1.300 over-registered MG/yr
Water imported	<input type="checkbox"/> 9	151.655 MG/yr
Water exported	<input type="checkbox"/> 2 n/a	0.000 MG/yr
WATER SUPPLIED:		150.355 MG/yr
AUTHORIZED CONSUMPTION		
Billed metered	<input type="checkbox"/> 3	87.311 MG/yr
Billed unmetered	<input type="checkbox"/> 4 n/a	
Unbilled metered	<input type="checkbox"/> 5 n/a	
Unbilled unmetered	<input type="checkbox"/> 6	1.879 MG/yr
DEFAULT OPTION: selected for Unbilled unmetered a grading of 5 is applied but not displayed		
AUTHORIZED CONSUMPTION:		89.190 MG/yr
Click here <input type="checkbox"/> for help using option buttons below Pct: <input type="text" value="33.74"/> Value: <input type="text"/>		
Use buttons to select percentage of water supplied OR value		
WATER LOSSES (water supplied - Authorized Consumption)		
61.165 MG/yr		
Apparent Losses		
Unauthorized consumption	<input type="checkbox"/> 7	0.376 MG/yr
default option selected for unauthorized consumption a grading of 5 is applied but not displayed		
Customer metering inaccuracies	<input type="checkbox"/> 8	2.700 MG/yr
Systematic data handling errors	<input type="checkbox"/> 6	0.100 MG/yr
Apparent Losses:		3.176 MG/yr
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:	<input type="checkbox"/> 8	57.989 MG/yr
WATER LOSSES:		61.165 MG/yr
NON-REVENUE WATER		
NON-REVENUE WATER:	<input type="checkbox"/> 9	61.044 MG/yr
* Total Real Loss + Unbilled Metered + Unbilled Unmetered		
SYSTEM DATA		
Length of mains	<input type="checkbox"/> 5	113.0 miles
Number of active AND inactive service connections	<input type="checkbox"/> 6	1,933
Connection density	<input type="checkbox"/> 7	17 conn./mile main
Average length of customer service line	<input type="checkbox"/> 8	0.0 ft (pipe length between curbstop and customer meter or property boundary)
Average operating pressure	<input type="checkbox"/> 9	140.0 psi
COST DATA		
Total annual cost of operating water system	<input type="checkbox"/> 9	\$921,809 \$/Year
Customer retail unit cost (applied to Apparent Losses)	<input type="checkbox"/> 7	\$8.23 \$/1000 gallons (US)
Variable production cost (applied to Real Losses)	<input type="checkbox"/> 8	\$2,642.00 \$/million gallons
PERFORMANCE INDICATORS		
Financial Indicators		
Non-revenue water as percent by volume of Water Supplied		41.92
Non-revenue water as percent by cost of operating system		20.09
Annual cost of Apparent Losses		\$26,140
Annual cost of Real Losses		\$153,205
Operational Efficiency Indicators		
Apparent losses per service connection per day		4.50 gallons/connection/day
Real Losses per service connection per day*		N/A gallons/connection/day
Real Losses per length of main per day*		1,405.95 gallons/mile/day
Real Losses per service connection per day per psi pressure		gallons/connection/day/psi
<input type="checkbox"/> Unavoidable Annual Real Losses (UARL)		46.06 million gallons/year
From Above, Real Losses - Current Annual Real Losses (CARL)		57.99 million gallons/year
<input type="checkbox"/> Infrastructure Leakage Index (ILI) (CARL/UARL)		1.26
* only the most applicable of these two indicators will be calculated		
WATER AUDIT DATA VALIDITY SCORE		
*** YOUR SCORE IS: 74 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: Unauthorized consumption		
For more information, click here to see the Grading Matrix worksheet		

UTILITY MANAGEMENT REVIEW BOARD
Case Study

Case: Siam Utility District, Carter County
Manager: Doris Lovelace
Customers: 1,086 water
Water loss: 39.381%

The Siam Utility District has been reported to the Board as having two consecutive years with a negative change in net assets in its water system as well as excessive water loss.

A financial and rate history is attached.

During FY 10, there was a problem with turbid water in the wells and the District spent approximately \$112,000 to install a water line to the lake because Elizabethton couldn't supply enough water to fulfill the needs of the Siam customers.

During the installation of the Watauga River Regional Water Authority (WRRWA) lines in FY 11, the District chose to replace some 2" galvanized lines with 4" or 6" PVC lines. The cost of \$20,000 would have been much higher if the project had not been done when the ditches were open for the WRRWA lines. A bond issue was also repaid in FY 11.

The WRRWA system is scheduled to begin pumping potable water in the fall of 2012, and the Siam Utility District will become a customer. The savings resulting from the connection are estimated to be \$3,500 monthly in electrical (pumping) costs due to the gravity fed nature of the connection. In addition, the chemical costs will be drastically reduced because all water will be treated before purchasing.

The District recently implemented an aggressive leak detection program and should be compliance no later than FY 13.

In April 2012, the minimum bill was increased from \$22.00 to \$30.00. The rate for usage above the minimum was unchanged.

There have been problems getting the audit completed and submitted in timely because of some issues between the District, the accountant and the auditor. With the upgrade of a computer and new accounting software, those issues should be resolved and more timely audits should be forthcoming.

Staff recommends that the Board endorse the actions of the District. Staff will continue to monitor the District until an audit is received which reflects compliance.

SIAM UTILITY DISTRICT		
HISTORY FILE		
	Audited	Audited
Fiscal Year ending January 31	2010	2011
Water revenues	\$ 410,127	\$ 401,920
Other revenues	\$ 124,873	\$ 123,239
Total Operating Revenues	\$ 535,000	\$ 525,159
Total Operating Expenses	\$ 507,743	\$ 524,986
Operating Income	\$ 27,257	\$ 173
Interest Expense	\$ 52,099	\$ 47,142
Change in Net Assets	\$ (24,842)	\$ (46,969)
<u>Supplemental Information</u>		
Principal payment	\$ 21,707	\$ 102,606
Depreciation	\$ 71,759	\$ 74,137
WRRWA	\$ 89,409	\$ 90,654
<u>Water Rates</u>		
<u>Residential</u>		
0-2,500 gallons	\$ 22.00	\$ 22.00
All over	\$ 4.50	\$ 4.50
Water customers	1,092	1,097
Water Loss	37.378%	39.381%
Tap fee	\$ 550.00	\$ 750.00
Meter deposit owner	\$ 100.00	\$ 100.00
Meter deposit renter	\$ 200.00	\$ 200.00
Service fee - new service	\$ 20.00	\$ 20.00
Disconnect fee	\$ 25.00	\$ 25.00
Returned check fee	\$ 25.00	\$ 25.00
Watauga Surcharge	\$ 7.00	\$ 7.00

AWWA WLCC Free Water Audit Software: Reporting Worksheet

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WAS v4.2

[Back to Instructions](#)

Water Audit Report for: **Siam Utility District**
 Reporting Year: **2010** **2/2010 - 1/2011**

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:	<input type="text" value="7"/>	<input type="text" value="82.200"/>	Million gallons (US)/yr (MG/Yr)
Master meter error adjustment (enter positive value):	<input type="text" value="7"/>	<input type="text" value="0.822"/>	under-registered MG/Yr
Water imported:	<input type="text" value="7"/>	<input type="text" value="4.673"/>	MG/Yr
Water exported:	<input type="text" value="7"/>	<input type="text" value="0.000"/>	MG/Yr
WATER SUPPLIED:		<input type="text" value="87.695"/>	MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	<input type="text" value="7"/>	<input type="text" value="52.480"/>	MG/Yr
Billed unmetered:	<input type="text" value="7"/>	<input type="text" value="0.015"/>	MG/Yr
Unbilled metered:	<input type="text" value="7"/>	<input type="text" value="0.266"/>	MG/Yr
Unbilled unmetered:	<input type="text" value="7"/>	<input type="text" value="1.096"/>	MG/Yr
AUTHORIZED CONSUMPTION:		<input type="text" value="53.857"/>	MG/Yr

Click here: for help using option buttons below

Pcnt: Value:

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption)

MG/Yr

Apparent Losses

Unauthorized consumption:	<input type="text" value="7"/>	<input type="text" value="0.219"/>	MG/Yr
Customer metering inaccuracies:	<input type="text" value="7"/>	<input type="text" value="2.776"/>	MG/Yr
Systematic data handling errors:	<input type="text" value="7"/>	<input type="text" value="0.010"/>	MG/Yr
Apparent Losses:		<input type="text" value="3.005"/>	

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses:	<input type="text" value="7"/>	<input type="text" value="30.833"/>	MG/Yr
WATER LOSSES:		<input type="text" value="33.838"/>	MG/Yr

Pcnt: Value:

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

NON-REVENUE WATER

NON-REVENUE WATER:	<input type="text" value="7"/>	<input type="text" value="35.200"/>	MG/Yr
---------------------------	--------------------------------	-------------------------------------	-------

SYSTEM DATA

Length of mains:	<input type="text" value="7"/>	<input type="text" value="50.0"/>	miles
Number of active AND inactive service connections:	<input type="text" value="7"/>	<input type="text" value="1,200"/>	
Connection density:	<input type="text" value="7"/>	<input type="text" value="24"/>	conn./mile main
Average length of customer service line:	<input type="text" value="7"/>	<input type="text" value="0.0"/>	ft (pipe length between curbstop and customer meter or property boundary)
Average operating pressure:	<input type="text" value="7"/>	<input type="text" value="110.0"/>	psi

COST DATA

Total annual cost of operating water system:	<input type="text" value="7"/>	<input type="text" value="10"/>	<input type="text" value="\$523,491"/>	\$/Year
Customer retail unit cost (applied to Apparent Losses):	<input type="text" value="7"/>	<input type="text" value="9"/>	<input type="text" value="\$4.50"/>	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	<input type="text" value="7"/>	<input type="text" value="9"/>	<input type="text" value="\$1,200.00"/>	\$/Million gallons

PERFORMANCE INDICATORS

Financial Indicators

Non-revenue water as percent by volume of Water Supplied:	<input type="text" value="40.1%"/>
Non-revenue water as percent by cost of operating system:	<input type="text" value="10.0%"/>
Annual cost of Apparent Losses:	<input type="text" value="\$13,524"/>
Annual cost of Real Losses:	<input type="text" value="\$36,999"/>

Operational Efficiency Indicators

Apparent Losses per service connection per day:	<input type="text" value="6.86"/>	gallons/connection/day
Real Losses per service connection per day*:	<input type="text" value="N/A"/>	gallons/connection/day
Real Losses per length of main per day*:	<input type="text" value="1,689.45"/>	gallons/mile/day
Real Losses per service connection per day per psi pressure:	<input type="text" value=""/>	gallons/connection/day/psi
<input type="checkbox"/> Unavoidable Annual Real Losses (UARL):	<input type="text" value="Not Valid"/>	

From Above, Real Losses = Current Annual Real Losses (CARL):

Infrastructure Leakage Index (ILI) [CARL/UARL]:

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

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 74 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. Volume from own sources
2. Customer metering inaccuracies
3. Master meter error adjustment

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

Siam Utility
 Schedule of Unaccounted For Water
 February, 2012 to June, 2012

(All amounts in gallons)

A Water Treated and Purchased		
B	Water Pumped (potable)	37,000,000
C	Water Purchased	<u>0</u>
D	Total Water Treated and Purchased	<u>37,000,000</u>
	(Sum Lines B and C)	
E Accounted for Water:		
F	Water Sold	20,600,000
G	Metered for Consumption (in house usage)	<u>0</u>
H	Fire Department(s) Usage	<u>0</u>
I	Flushing	<u>148,600</u>
J	Tank Cleaning/Filling	<u>0</u>
K	Street Cleaning	<u>0</u>
L	Bulk Sales	<u>0</u>
M	Water Bill Adjustments (+/-)	<u>0</u>
N	Total Accounted for Water	<u>20,748,600</u>
	(Sum Lines F thru M)	
O	Unaccounted for Water	<u>16,251,400</u>
	(Line D minus Line N)	
P	Percent Unaccounted for Water	<u>43.923%</u>
	(Line O divided by Line D times 100)	

Q Other (explain) See Below

Explain Other:

All amounts included in this schedule are supported by documentation on file at the water system. If no support is on file for a line item or if line item is not applicable, a "0" is shown.



Siam Utility
 Schedule of Unaccounted For Water
 February, 2011 to January, 2012

(All amounts in gallons)

A Water Treated and Purchased		
B	Water Pumped (potable)	94,200,000
C	Water Purchased	0
D	Total Water Treated and Purchased	94,200,000
	(Sum Lines B and C)	
E Accounted for Water:		
F	Water Sold	51,300,000
G	Metered for Consumption (in house usage)	0
H	Fire Department(s) Usage	0
I	Flushing	177,000
J	Tank Cleaning/Filling	0
K	Street Cleaning	0
L	Bulk Sales	0
M	Water Bill Adjustments (+/-)	0
N	Total Accounted for Water	51,477,000
	(Sum Lines F thru M)	
O	Unaccounted for Water	42,723,000
	(Line D minus Line N)	
P	Percent Unaccounted for Water	45.354%
	(Line O divided by Line D times 100)	

Q Other (explain) See Below

Explain Other:

All amounts included in this schedule are supported by documentation on file at the water system. If no support is on file for a line item or if line item is not applicable, a "0" is shown.



February 2, 2012

**Ms. Joyce Welborn
State of Tennessee
Comptroller of The Treasury
Utility Management Review Board**

**RE: Water loss reduction plan
Siam Utility District PWSID # 0000633
Carter County**

Dear Ms. Welborn:

In response to your request dated January 19, 2012, Siam UD has developed the following plan to reduce water loss in our system.

Our system currently bills all government water users.

We do not currently account for water used by our water department at either our utility office or maintenance shop. We will install meters at each of these locations.

We will implement a plan to periodically check and recalibrate all 2" or larger meters.

We will also adopt a theft policy which will allow us to prosecute water theft or meter tampering/damage to help eliminate unauthorized water consumption.

We have leak detection equipment, and we routinely check for leaks at night when there is little traffic or small household usage.

Our system is zoned to help isolate water leaks.

We encourage our customers to report leaks, and we notify customers by phone or leave notes when reading meters if we discover customer leaks.

We have a written policy for bill adjustments which is followed correctly by all levels of staff.

We will meet with volunteer fire departments to encourage them to report water usage in our system.

Meters replacement is normally based on age and usage

The monetary value of water leaks calculated in our AWWA water loss report is estimated to be \$ 39,999.00. We believe the loss of revenue justifies the cost to repair leaks in our system, and we will continue our efforts to find and repair leaks in the future.

Sincerely,

**Doris Lovelace, office manager
Siam Utility District**

UTILITY MANAGEMENT REVIEW BOARD
Case Study

Case: Unicoi Water Utility District, Unicoi County
Manager: Lee Bennett
Customers: 1,806 water
Water loss: 21.94%

The Unicoi Water Utility District has been reported to the Board as having two consecutive years with a negative change in net assets in its water system.

A financial and rate history is attached.

The District currently purchases water from the Town of Erwin for \$1.99 per thousand gallons. The principal reason for the financially distressed condition of the District is expenses related to exploratory drilling for two new water wells in an attempt to be independent of the Town. Drilling for the two "dry" wells cost approximately \$250,000.

Since the search for water was unsuccessful, the District signed a twenty-year contract in July 2011 to continue to purchase water from Erwin. Because the rate being charged to the District is higher than the residential customer rate of the Town, the contract has a clause in it that restricts an increase in the District rates until the residential rates of the Town's customers are equal to the District's rate.

The District has been approved to borrow \$2.5 million from TAUD.

Rates are reviewed every October – the last increase being effective October 2009.

All the expenses related to the search for well water have been paid and should not be repeated, the projections from the District reflects that it will be in compliance for the fiscal year ending September 30, 2012.

The commissioners are elected to four-year terms by the customers - one vote per meter. Notice of election is published in the newspaper. Nominations are made on a Saturday morning from 8:00 am to 8:45 am, a paper ballot is prepared and open voting is held at the District office from 9 am to 12:00 noon. The votes are triple counted and results announced.

Staff recommends that the Board endorse the actions of the District. Staff will continue to monitor the case until an audit is received which reflects compliance.

UNICOI WATER UTILITY DISTRICT		
HISTORY FILE		
	Audited	Audited
Fiscal Year September 30	2010	2011
Water revenues	\$ 800,689	\$ 753,661
Other revenues	\$ 87,800	\$ 68,712
Grant revenue	\$ 108,600	
Total Operating Revenues	\$ 997,089	\$ 822,373
Total Operating Expenses	\$ 847,014	\$ 873,887
Operating Income	\$ 150,075	\$ (51,514)
Interest Expense	\$ 30,037	\$ 94,204
Exploratory/dry wells expense	\$ (132,766)	\$ (123,821)
Change in Net Assets	\$ (12,728)	\$ (269,539)
<u>Supplemental Information</u>		
Principal payment	\$ 549,832	\$ 68,847
Depreciation	\$ 75,985	\$ 82,063
<u>Water Rates</u>		
<u>Residential</u>		
0-1,500 gallons	\$ 23.50	\$ 23.50
All over	\$ 3.85	\$ 3.85
Water customers	1,799	1,806
Water Loss	20.040%	21.940%



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER SUPPLY

6th Floor L & C Tower, 401 Church Street
 Nashville, Tennessee 37243-1539
 PHONE: 615-532-0191 FAX: 615-532-0503
 For REGIONAL FIELD OFFICES,
 Call 1-888-891-TDEC

August 9, 2011

Ms. Cathy Walden, PE
 W & W Engineering
 800 W. Andrew Johnson Hwy., Suite 2
 Greeneville TN 37745

TAWD Runded

Re: Unicoi UD (PWSID# 0000719)
 Unicoi County
 Project Number WS 11-0590
 Water Line Replacements and Extensions – Contract 1

Dear Ms. Walden:

The Tennessee Department of Environment and Conservation, Division of Water Supply, acknowledges receipt of five sets of final construction documents on August 1, 2011.

This project consists of 14,687 feet of 12-inch, 10-inch, and 4-inch water lines on Dry Cove Road, White Cove Road, Water Tank Road, and Ogle Road. As indicated by our stamp, the project has been approved for construction.

This letter, with the enclosed engineering documents bearing our official stamp, constitutes approval by the Commissioner of the Tennessee Department of Environment and Conservation for construction of the referenced facility. Approval is granted in accordance with the Tennessee Safe Drinking Water Act of 1983 and Regulations of the Water Quality Control Board. A complete set of plans and specifications, bearing the official stamp, must be kept at the construction site. Projects utilizing previously approved standard specifications are not required to maintain a stamped copy of the specifications at the construction site. All construction must conform with these approved documents. It is the responsibility of the water utility and/or the engineer to ensure that construction conforms to the plans and specifications. We have retained two copies of this submittal for our records.

Approval expires one year from the stamped approval date unless construction is either underway or complete. Any request for its extension must be made prior to this expiration date. Deviations from the approved plan documents which may affect the quality or quantity of potable water must be submitted and approved in writing before such changes are made.

The Division's appropriate Field Office may desire to schedule an inspection of the construction work to verify compliance with the approved plans and specifications. Therefore the construction

OCTOBER 2011, PROJECT # 496989—R.T.M.R

TEC UTILITY SUPPLY CO.	\$ 168.47
OFFICE DEPOT SUPPLY	\$ 357.04
UNITED UTILITY SUPPLY	\$ 213,722.27 (NEW METERS)
FERGUSON INC.	\$ 598.32

TOTAL:	\$ 214,846.10
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*T.A.U.D
Funded*

AS OF 10-27-11, THE UTILITY HAS INSTALLED APPROXIMATELY 1,531 RADIO READ METERS.

AS OF 10-27-11, THERE ARE ABOUT 175-200 MORE TO INSTALL, AND ABOUT 300 METERS TO KEEP IN STOCK (INVENTORY) AS LISTED "LOCATION" ON SYSTEM.

This Project is Finished
(Signature)



ENGINEERING, LLC

Water & Wastewater

November 14, 2011

Mr. Lee Bennett, Manager
Unicoi Water Utility District
PO Box 8
Unicoi, TN 37692

RE: RD Waterline Replacement and Extension Project – Contract 1
10-20

Dear Lee:

I was at bid opening when sealed bids were received and opened on Thursday, November 10, 2011, at 2:00 PM for the referenced project. I have reviewed these bids. The bid from Merkel Brothers Construction, Inc. in the amount of \$ 749,198.00 was the low bid. We have worked with them in the past and have had no problems. You may want to check their references. If they meet your approval, I recommend that the project be awarded to them in the amount of \$749,198.00.

Attached is a copy of the bid tabulations for your review. If you have any questions concerning this, please call me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Cathy Walden', written in a cursive style.

Cathy Walden, PE
President

T.A. U D Funded

Attachment

T.A.U.D Funded

Letter of Request to be Ranked and Placed on DWSRF's Priority Ranking List
 Unicol Water Utility District
 Water System Operational Efficiency Enhancements (OEE) and
 Water Source Development Project

Proposed Opinion of Probable Cost		
	Proposed System AMR (Mobile)	Proposed System AMR (Fixed)
OPERATIONAL EFFICIENCY ENHANCEMENTS		
Construction		
AMR Water Meters = 2000 Units @ \$295 per Unit	\$ 590,000	\$ 590,000
¹ AMR Reader Units (Mobile) = 2 Units @ \$8,500 per Unit	\$ 17,000	\$ -
² AMR Reader Units (Mobile) = 1 Unit @ \$8,500 per Unit	\$ -	\$ 8,500
³ AMR Reader Units (Fixed) = 3 Units @ \$55,000 per Unit	\$ -	\$ 165,000
⁴ AMR Meter Signal Booster = 200 Units @ \$85 per Unit	\$ -	\$ 17,000
⁵ AMR Software (Mobile) = 2 Units @ \$7,500 per Unit	\$ 15,000	\$ -
⁶ AMR Software (Mobile) = 1 Unit @ \$7,500 per Unit	\$ -	\$ 7,500
⁷ AMR Software (Fixed) = 3 Units @ \$18,000 per Unit	\$ -	\$ 54,000
⁸ AMR System Training = 1 Unit @ \$7,000 per Unit	\$ 7,000	\$ 7,000
Construction Total:	\$ 629,000	\$ 849,000
Non-Construction		
⁹ Basic Engineering	\$ 42,000	\$ 66,000
¹⁰ Resident Project Representation	\$ 26,400	\$ 35,200
¹¹ Administration	\$ 10,000	\$ 12,000
¹² Contingency (5% of Construction)	\$ 31,450	\$ 42,450
Non-Construction Total:	\$ 119,850	\$ 155,650
OPERATIONAL EFFICIENCY ENHANCEMENTS - TOTAL:	\$ 748,850	\$ 1,004,650
WATER SOURCE DEVELOPMENT		
Construction		
Well Source & Treatment Facility	\$ 350,000	\$ 350,000
Water Storage Facility	\$ 400,000	\$ 400,000
Waterlines, Valves and Appurtenances	\$ 500,000	\$ 500,000
Construction Total:	\$ 1,250,000	\$ 1,250,000
Non-Construction		
¹³ Basic Engineering	\$ 93,750	\$ 93,750
¹⁴ Resident Project Representation	\$ 78,000	\$ 78,000
¹⁵ Administration	\$ 50,000	\$ 50,000
¹⁶ Contingency (10% of Construction)	\$ 125,000	\$ 125,000
¹⁷ Land Acquisition	\$ 50,000	\$ 50,000
Non-Construction Total:	\$ 396,750	\$ 396,750
WATER SOURCE DEVELOPMENT - TOTAL:	\$ 1,646,750	\$ 1,646,750
OPINION OF PROBABLE COST:	\$ 2,395,600	\$ 2,651,400

Notes:

- ¹Mobile reader unit includes computer, charger, GPS receiver and other equipment for outfitting a vehicle.
- ²Fixed reader unit assumes erection of a new tower structure. If units can be mounted on existing tower structure, proposed installation cost can be reduced up to 50%.
- ³Boosters may be required on meters where signal strength may not be adequate to reach Fixed reader.
- ⁴Basic Engineering includes required study/report, design, bidding and construction administration services.
- ⁵Resident Project Representation includes required construction monitoring services.
- ⁶Administration includes regulatory permitting, loan/grant processing and reporting services.
- ⁷Contingency includes allowance of unforeseen expenses during the project.
- ⁸Land Acquisition includes required permanent utility easements and fee simple purchase for water source/treatment facilities.

NOTE: ALL Meter has been changed out
 SYSTEM is up- and running 1824 Meter

Notice of Award

Date: February 21, 2012

Project: 250,000 Gallon Storage Tank White Cove Road - Rural Development Project - Contract III	
Owner: Unicoi Water Utility District	Owner's Contract No.:
Contract: III	Engineer's Project No.: 10-20
Bidder: Welding, Inc.	
Bidder's Address: 1712 Pennsylvania Avenue, Charleston, WV 25302	

You are notified that your Bid dated February 9, 2012 for the above Contract has been considered. You are the Successful Bidder and are awarded a Contract for 250,000 Gallon Storage Tank White Cove Road - Rural Development Project - Contract III

The Contract Price of your Contract is Four hundred and eight Thousand Dollars (\$ 408,000.00) based on the unit prices for the estimated quantities.

5 copies of the proposed Contract Documents (except Drawings) accompany this Notice of Award.

5 sets of the Drawings will be delivered separately or otherwise made available to you immediately.

You must comply with the following conditions precedent within 15 days of the date you receive this Notice of Award.

1. Deliver to the Owner 5 fully executed counterparts of the Contract Documents.
2. Deliver with the executed Contract Documents the Contract security Bonds (Performance and Payment) as specified in the Instructions to Bidders (Article 20), General Conditions (Paragraph 5.01), and Supplementary Conditions (Paragraph SC-5.01).
3. Other conditions precedent:
N/A

Failure to comply with these conditions within the time specified will entitle Owner to consider you in default, annul this Notice of Award, and declare your Bid security forfeited.

Within ten days after you comply with the above conditions, Owner will return to you one fully executed counterpart of the Contract Documents.

Unicoi Water Utility District
 Owner
 By: Lee Bennett
 Authorized Signature
 Manager, Lee Bennett
 Title Dist. Manager

Copy to Engineer

T. A. U. D. Funded

UNICOI WATER UTILITY DISTRICT
 DETAIL OF OPERATING EXPENSES
 OCTOBER 1, 2011 THRU SEPTEMBER 30, 2012

REVISED BUDGET

Transmission & Distribution

Vehicle Fuel	\$ 15,000.00	
Equipment Rental	500.00	
Vehicle Expense	3,000.00	
Testing/Analysis	2,500.00	
Other Work for Utility	2,000.00	
Stone/Asphalt	1,500.00	
Uniform Rental	6,000.00	
Total Transmission & Distribution		\$ 30,500.00

General & Administrative

Wages	\$ 220,000.00	
Payroll Taxes	18,000.00	
Employee Insurance	132,000.00	
Employment Security	700.00	
Workers Compensation	6,500.00	
Board of Commissioners	3,600.00	
Professional Fees	8,800.00	
Liability Insurance	8,000.00	
Vehicle Insurance	2,800.00	
Bonds & Permits	1,000.00	
Office Supplies	8,000.00	
Computer Support & Maintenance	9,000.00	
Copier Maintenance	2,000.00	
Postage	6,500.00	
Utilities	12,000.00	
Telephone Service	4,000.00	
Travel Expense	.00	
Tennessee One Call	1,250.00	
TAUD Dues	800.00	
Miscellaneous	4,000.00	
Total General & Administrative		\$ 448,950.00

Total Operating Expenses		\$ 479,450.00
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UNICOI WATER UTILITY DISTRICT

BUDGET FOR OCTOBER 1, 2011 – SEPTEMBER 30, 2012

Operating Revenue

Metered Water Sales	\$ 897,000.00	
Other Revenue	23,074.00	
Interest on Bond Proceeds	9,000.00	
Interest Earned	20,000.00	
Meter Charges	12,900.00	
Penalties	1,500.00	
Tap Fees	25,000.00	
Miscellaneous Revenue		
Subtotal		\$ 91,474.00
Total Revenue		\$ 988,474.00

Expenses

Interest Expense on Bonds/Capital Lease	\$ 77,000.00	
Depreciation	65,000.00	
Provision for Bad Debts	4,000.00	
Water Purchased	280,000.00	
Supplies for Repairs & Maintenance & Distribution	30,000.00	
Transmission & Distribution	30,500.00	
General & Administrative	448,950.00	
Total Expenses		\$ 935,450.00
Revenue over Expenses		\$ 53,024.00

Miscellaneous Revenue, Carl Jones donated (.37) of an acre of land for the new water tank site, value \$ 24,000.00. Lee Bennett donated a utility trailer w/ water tank, value \$ 1,000.00.

July 10, 2012

The regular monthly meeting of the Board of Commissioners was held at the utility office on Tues. July 10, 2012 at 7:00 P.M. Those in attendance were: Bart Ray, Jerry Byrd, Lee Bennett, and Judy Radford. The meeting was opened in prayer by Lee.

The minutes of the last meeting were reviewed and approved on motion by Bart, second by Jerry.

Bart—Yes

Jerry—Yes

Agenda Items:

1. Discuss Vehicle Insurance: One quote was received from Auto Owners Ins. Co. in the amount of \$ 3,249.69 for the year of 07-13-12 to 07-13-13. On motion by Bart, second by Jerry, the utility will stay with Auto Owners Ins. for the next year.
Bart—Yes,
Jerry—Yes
2. Update on Awnings for front of Utility: The contract was signed by Bart, and a check for the deposit of \$700.00 will be sent to Omar Awnings, Johnson City, TN. Bart will contact the company to see when they will start work.
3. Update on Parking Lot Sealing: When the rains end, and the parking lot drains, the sealing will take place.
4. Lee Bennett gave an update on current system improvements noting that the current water loss is approximately 14% and improvements are on schedule. Concrete will soon be poured at the new water tank site
5. The petty cash account was reviewed, and on motion by Bart second by Jerry, a check for \$51.64 will be issued to bring petty cash back up to \$150.00.
Bart—Yes
Jerry—Yes
6. New water billing sheets will be ordered soon with new information added to bill for the customers convenience. The new information was reviewed and approved on motion by Bart, second by Jerry.
Bart—Yes
Jerry—Yes
7. The utility rate structure was reviewed and discussed. Due to the rising cost of operating and the increase of rates from Erwin Utilities (Effective July 1, 2012--\$2.18 per 1000), the commissioners agreed ,with reservations, to increasing the minimum of 1500 gallons from \$24.00 to \$25.00 and increasing all over 1500 from \$3.95 to \$4.50 per 1000. Motion with reservations by Bart, second by Jerry. The new rate structure will be in effect October 1, 2012.
Bart—Yes
Jerry—Yes

8. The financial statement was reviewed and accepted on motion by Bart, second by Jerry.
Bart—Yes
Jerry—Yes
9. NOTE: As a cost cutting measure, due to the rising cost of fuel, and wear & tear on company vehicles, it was recommended by Bart, second by Jerry, for the company vehicles (except for Manager, Lee Bennett's) to be left at the utility, unless the employee is on call over the week-end. The Board of Commissioners will be looking into more ways to save on costs for the utility.
10. Being no further business, meeting adjourned at 8:35 P.M. on motion by Bart, second by Jerry.
Bart—Yes
Jerry—Yes

Respectfully submitted,
Jerry Byrd, Secretary

**UNICOI WATER UTILITY DISTRICT
P.O. BOX 8
UNICOI, TN 37692
PHONE: 423-743-6202 FAX: 423-743-2083**

November 30, 2011

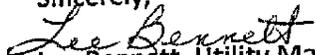
State of Tennessee
Comptroller of the Treasury
Division of Local Finance
Suite 1700 James K. Polk State Office Building
505 Deaderick Street
Nashville, TN 37243-0274

Dear Sir,

Enclosed you will find a revised copy of the 2011-2012 budget of the Unicoi Water Utility District for your review and approval. Due to typing errors, this budget was revised. Also included is a copy of the current water rates of the district, and a copy of the September 13, 2011 board minutes reflecting this rate increase.

Thank you for your time in reviewing this budget, and we apologize for any inconvenience.

Sincerely,


Lee Bennett, Utility Manager

LB/jr

UNICOI WATER UTILITY DISTRICT
COMMISSIONERS

MANAGER'S NOTES:

This year has been a nightmare on the cost of petrol, copper, brass, tools, and testing/sampling. Almost all products with a petroleum base have risen in cost (PVC pipe, meter boxes, valves, valve boxes, etc.).

In the past (2) years, some supplies have tripled in price, and now most freight companies have a Full Charge for delivery.

As manager, I feel we need to look at a water rate increase, and increase on tap fees. I recommend the following:

Tap fee for 5/8" X 3/4" : Current \$ 1,200 to \$ 1,500. Tap fee for 1" or 2": Current \$ 1,700 to \$ 2,000. In 2011, we made (10) 5/8" X 3/4" taps, and (3) 1" to 2" taps.

Water Rates: I recommend increasing the minimum from \$ 23.50 to \$ 24.00.

These changes would increase revenue in a 1 year period about \$ 14,000.

We must keep the water loss down to absolutely below 23% for 2011 and 2012.


Lee Bennett, Manager

UTILITY MANAGEMENT REVIEW BOARD
Case Study

Case: West Cumberland Utility District, Cumberland County
Management: Melissa Bryant, Office Manager, David Bell, Field Manager
Customers: 1,849 water
Water loss: 37.758%

The West Cumberland Utility District has been reported to the Board as having two consecutive years with a negative change in net assets in its water system as of June 30, 2011. The financial and rate history is shown on the attached sheet.

The District purchases all its water from the Bon De Croft Utility District for \$3.58 per thousand gallons. That rate was increased from \$3.45 in October 2011.

District officials stated that the financial condition is a result of the depreciation and interest expense related to a new 12-inch water line project. The water loss was created by the increased pressure on the old lines from the project.

Fifteen meters have been purchased in order to "zone" the system in an attempt to isolate any current and future water leaks. The drastic elevation changes in the area of the District create extreme pressure variances. A leak detection company which had assisted the District in the past will be returning in the near future to assist with additional leak detection. Within the last three years, all residential meters have been changed to radio read.

The five commissioners of the District are elected by the customers. The request for nominations is included on the water bills and in the local newspaper. Petitions, signed by ten customers, are also accepted. Questionnaires are completed by each nominee. The current commissioners select three names for each vacant position to be included on the ballot. Cumberland County allows the District to use a voting machine. An election official sets up the machine and records the vote after the poll is closed. Voting hours are between 7:00 am and 6:00 pm. There is minimal expense for the election.

The District increased its rates by 10% on July 1, 2011. Over the next three years, the District is committed to increasing its rates 4% annually and reducing its water loss by 5% annually. For each percentage of water loss reduced by less than 5%, the rates will be increased by one percentage point.

Staff recommends the Board endorse the actions of the West Cumberland Utility District. The District will remain under the jurisdiction of the Board until an audit is received which reflects compliance.

WEST CUMBERLAND UTILITY DISTRICT			
HISTORY FILE			
	Audited	Audited	
Fiscal Year ending June 30	2010	2011	
Water revenues	\$ 954,808	\$ 1,008,449	
Other revenues	\$ 74,682	\$ 57,355	
Total Operating Revenues	\$ 1,029,490	\$ 1,065,804	
Total Operating Expenses	\$ 1,024,521	\$ 1,072,395	
Operating Income	\$ 4,969	\$ (6,591)	
Interest Expense	\$ 120,141	\$ 195,381	
Grant funds		\$ 9,000	
Change in Net Assets	\$ (115,172)	\$ (192,972)	
<u>Supplemental Information</u>			
Principal payment	\$ 35,858	\$ 37,543	
Depreciation	\$ 192,978	\$ 215,346	
Water Rates			
Residential			7/1/2011
Minimum bill	\$ 10.00	\$ 12.00	\$ 13.50
per thousand gallons to 7,999	\$ 9.32	\$ 9.50	\$ 10.45
All over 7,999 gallons	\$ 11.32	\$ 11.50	\$ 12.45
Water customers	1,846	1,849	
Water Loss	31.361%	37.758%	

HAMPTON UTILITY DISTRICT

P.O. Box 211

Hampton, TN 37658-0211

June 28, 2012

Ms. Joyce Welborn
Comptroller of the Treasury
Division of County Audit
Suite 1500, James K. Polk Building
505 Deaderick Street
Nashville, TN 37243-1402

Re : Unaccounted Water Loss

Dear Ms. Welborn:

This letter acknowledges receipt of the March 9, 2012, correspondence to Hampton Utility District concerning the referral by the Division of Municipal Audit to the Utility Management Review Board of the Hampton Utility District TENN. CODE ANN. 7-82-401(h). Enclosed is the AWWA WLCC Free Water Audit Software: Reporting Worksheet as well as the Schedule of Unaccounted for Water and the responses to the Initial Check List for Addressing Water Loss.

Hampton Utility District has been working diligently at replacing old galvanized lines that are throughout the system. Currently three jobs have been bid out and completed within the past year and a half. The first project, Dividing Ridge Waterline Replacement began in September 2010. The project consisted of replacing approximately 13,000 feet of waterline along State Hwy 67 (U.S. 321). This waterline was situated on a very dangerous stretch of State Hwy 67 which made it very treacherous for the employees to continually fix broken lines. This project also contained the replacement of twenty-six (26) existing water meters with new radio read meters. This project was completed January 2011.

A second project that Hampton Utility District undertook was Helton Road Waterline Replacement which commenced in January 2012. This project consisted of replacing approximately 950 feet. of waterline along Helton Road off Rittertown Road. This site has very rocky conditions. Additionally, the street is very narrow making waterline repairs very difficult. Ten (10) water meters were replaced with radio read meters. The project was completed in March 2012.

The third project, White Pine Hill Waterline Replacement, began in September 2011 and includes 4,800 feet of waterline replacement along Greenbriar Drive and Mountain Circle

and replacement of fifty (50) water meters with radio read meters. This project is primarily complete except for some minor punch list items.

Hampton Utility District's water loss plan includes replacing existing deteriorated galvanized lines as well as replacing the existing meters. Overall, Hampton Utility District has replaced 1,100 out of 1,500 existing meters with new radio read meters. The utility plans to continue to replace all of the existing meters by the end of the year. At this time, the utility has three new waterline replacement jobs at the forefront.

The first consists of approximately 150 feet of waterline across State Line Road. This job is currently out for bid. Hampton Utility District was informed that this particular section of the line has a major leak. Therefore, fixing this leak should significantly lessen the water loss throughout the system.

The second project consists of replacing 1900 feet of waterline on Nave Drive. This area is a mobile home park that has numerous leaks. This project should be ready to bid by this October.

The last project consists of replacing approximately 2000 feet of waterline along Crook Street. Hampton Utility District will continue to strive to replace old lines throughout their system, above is only the projects that will happen within the next year.

Other action that the utility has taken includes requesting the local fire departments to keep better records of their water usage so that it can be applied and removed from the water loss figure.

Please let us know if you need any further information before the meeting or if you any suggestions on how to best resolve this issue.

Sincerely,



Terry Banner

tb/kh

Initial Check List for Addressing Water Loss

1. Are you billing for all general government water use? Examples: City Hall, Parks, Community Centers, etc.

Yes, we are billing for all general government water use. The problem herein arises from the local or other neighboring fire departments not keeping accurate records of the water usage on the response to calls within the Hampton Utility District service area. Each fire department has a form for recording the monthly water usage. All fire departments have been notified numerous times that these records need to be properly kept and submitted to the utility monthly.

2. Are you accounting for the water used by the water and/or sewer department?

Hampton Utility District does account for all water usage by the utility. This community does not have a sewer department.

3. Do you periodically check or inspect all 2" and larger meters?

Yes, we do periodically check all 2" meters or larger for damage or leaks. At this time though, the utility is in the process of replacing all existing water meters to radio read meters. Out of 1500 water meters in the system, 1100 water meters have already been replaced. Hampton Utility District expects to have all of the remaining water meters replaced by the end of the year.

4. Do you have a recalibration policy and procedure in place?

Yes we do have a recalibration policy in place, but within the past year and a half 1100 out of 1500 water meters in Hampton Utility District's system have been replaced with radio read meters.

5. Do you have a meter replacement policy? Is the trigger based on age (length of time in service) or on gallons?

Yes, a meter replacement policy exists. Each month at the scheduled water meter reading, the meter reader would look at older meters for signs of deterioration. Currently though, Hampton Utility District has replaced 1100 of 1500 water meters within the system with radio read meters. The utility expects to have the remaining 400 meters installed by the end of the year.

6. Do you have a process to inspect for unauthorized consumption? What are the consequences if unauthorized consumption is discovered?

No, the utility does not have a process to inspect for unauthorized consumption. If any unauthorized consumption is brought to the utilities attention, the utility will immediately

look into the matter. If someone has illegally turned on a meter, the utility will immediately cut off the service.

7. Do you have a leak detection program currently in place?

No, at this time there is no leak detection program in place. The Hampton Utility District Commissioner's are in discussion about possibly implementing a leak detection program.

8. Do you have written policies, including a policy for billing adjustments? Are the written policies followed correctly by all levels of staff?

Yes, there are written policies in place and all policies are followed by all levels of state. No deviations are allowed unless it is approved by both the manager and commissioner's board.

9. Do you have authorized non-customer users (volunteer fire departments, etc)? Do you account for the use? Do you have a method for the user to report water usage?

Yes, we have authorized non-customer users such as volunteer fire departments. The problem herein arises from the local or other neighboring fire departments not keeping accurate records of the water usage on the response to calls within the Hampton Utility District service area. Each fire department has a form for recording the monthly water usage. All fire departments have been notified numerous times that these records need to be properly kept and submitted to the utility monthly.

10. Is your system "zoned" to isolate water loss?

No, Hampton Utility District is not "zoned" to isolate water loss.

11. Do you search for leaks at night when there is little traffic or small household usage?

No search for leaks are performed at night, but if a leak is brought to our attention in the night, it will be repaired immediately.

12. Do you or can you control pressure surges?

Yes, we do control pressure surges.

13. Do you have or have access to leak detection equipment?

Yes, we have leak detection equipment.

14. What is your policy for notifying customers they have a leak?

The customer is either notified by phone call or stopping by their residence and either informing them face to face or leaving a note if they are not home of the leak. The new

meters log information on the water usage by the hour for a year period so it is easy to see when the leak started.

15. Do you have a public relations program to encourage citizens to report leaks?

Yes, the utility does have a public relations program to encourage citizens to report leaks.

16. Do you have a policy to prosecute water theft or meter tampering/damage?

Yes, a policy is in place to prosecute water theft or meter tampering/damage.

17. What is the monetary value of the lost water?

The monetary value of the lost water is \$11,500.00.

18. Is the cost to repair the leak justified based on the amount of water being lost?

All leaks are fixed as soon as they are brought to the utilities attention.

Hampton Utility District
 Schedule of Unaccounted For Water
 December, 2010 to November, 2011

(All amounts in gallons)

A Water Treated and Purchased		
B Water Pumped (potable)	383,638,000	
C Water Purchased	<u>0</u>	
D Total Water Treated and Purchased		<u>383,638,000</u>
(Sum Lines B and C)		
E Accounted for Water:		
F Water Sold	236,886,730	
G Metered for Consumption (in house usage)	<u>0</u>	
H Fire Department(s) Usage	<u>904,000</u>	
I Flushing	<u>10,796,460</u>	
J Tank Cleaning/Filling	<u>0</u>	
K Street Cleaning	<u>0</u>	
L Bulk Sales	<u>0</u>	
M Water Bill Adjustments (+/-)	<u>0</u>	
N Total Accounted for Water		<u>248,587,190</u>
(Sum Lines F thru M)		
O Unaccounted for Water		<u>135,050,810</u>
(Line D minus Line N)		
P Percent Unaccounted for Water		<u>35.203%</u>
(Line O divided by Line D times 100)		

Q Other (explain) See Below

Explain Other:

All amounts included in this schedule are supported by documentation on file at the water system. If no support is on file for a line item or if line item is not applicable, a "0" is shown.



HAMPTON UTILITY DISTRICT OF CARTER COUNTY, TN., INC.
PO BOX 211
HAMPTON, TN 37658-0211
(423) 725-2112

UTILITY MANAGEMENT REVIEW BOARD
Attn.: Joyce Welborn

Re: AWWA Water loss form

Joyce:

Attached is the above form with the completion of the items omitted on the previous one submitted.

The manager, Terry Banner, with the assistance of TAUD circuit rider, Steve Roberts, completed the information for submittal.

For the Board's information, the utility currently has awarded a project to a local contractor for the purpose of repairing a ruptured eight inch waterline that is two blocks from the main pump station, and in an encasement underneath the State Route 19E four lane highway. The size of the rupture is currently undetermined, however, the pressure on this section is between 160 to 200 pounds. The water loss at this location may be the largest throughout the utility's entire system.

As noted in the previous cover letters, the utility has completed over one million dollars worth of repairs since December 2010, at the beginning of this fiscal year being reviewed-12/1/2010 through 11/30/2011. The three repaired waterlines were in the Dividing Ridge section, White Pine Subdivision, and Helton Road. With the completion of the rupture under the four lane, the utility should be pumping less water than in the previous fiscal year.

Joyce had inquired if anyone from the utility office would be attending the 8/9/2012 meeting in Gatlinburg. The utility's manager, Terry Banner, has indicated he will attempt to be in attendance, unless personal problems arise. If he is unable to fulfill this commitment, I will notify the board by email.

I appreciate your assistance with this matter. If additional information is required, please reply.

Respectfully,
Linda Guy, office manager

AWWA water loss attachment

AWWA WLCC Free Water Audit Software: Reporting Worksheet

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WAS v4.2

[Back to Instructions](#)

[Click to access definition](#)

Water Audit Report for: **Hampton Utility District**
 Reporting Year: **2011** | **12/2010 - 11/2011**

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:	<input type="text" value="8"/>	<input type="text" value="383.688"/>	Million gallons (US)/yr (MG/Yr)
Master meter error adjustment (enter positive value):	<input type="text" value="8"/>	<input type="text" value="1.918"/>	under-registered MG/Yr
Water imported:	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr
Water exported:	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr
WATER SUPPLIED:		<input type="text" value="385.606"/>	MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	<input type="text" value="5"/>	<input type="text" value="236.557"/>	MG/Yr
Billed unmetered:	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr
Unbilled metered:	<input type="text" value="10"/>	<input type="text" value="3.800"/>	MG/Yr
Unbilled unmetered:	<input type="text" value="10"/>	<input type="text" value="6.157"/>	MG/Yr
AUTHORIZED CONSUMPTION:		<input type="text" value="246.514"/>	MG/Yr

Pcnt: Value:

Use buttons to select percentage of water supplied OR value

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

Apparent Losses

Unauthorized consumption:	<input type="text" value="5"/>	<input type="text" value="0.964"/>	MG/Yr
Customer metering inaccuracies:	<input type="text" value="6"/>	<input type="text" value="12.650"/>	MG/Yr
Systematic data handling errors:	<input type="text" value="10"/>	<input type="text" value="0.993"/>	MG/Yr
Apparent Losses:		<input type="text" value="14.607"/>	

Pcnt: Value:

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses:	<input type="text" value="124.485"/>	MG/Yr
WATER LOSSES:	<input type="text" value="139.092"/>	MG/Yr

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

NON-REVENUE WATER

NON-REVENUE WATER:	<input type="text" value="149.049"/>	MG/Yr
--------------------	--------------------------------------	-------

= Total Water Loss + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	<input type="text" value="8"/>	<input type="text" value="75.0"/>	miles
Number of active AND inactive service connections:	<input type="text" value="9"/>	<input type="text" value="1,965"/>	
Connection density:		<input type="text" value="26"/>	conn./mile main
Average length of customer service line:	<input type="text" value="10"/>	<input type="text" value="0.0"/>	ft (pipe length between curbside and customer meter or property boundary)
Average operating pressure:	<input type="text" value="7"/>	<input type="text" value="100.0"/>	psi

COST DATA

Total annual cost of operating water system:	<input type="text" value="10"/>	<input type="text" value="\$664,764"/>	\$/Year
Customer retail unit cost (applied to Apparent Losses):	<input type="text" value="10"/>	<input type="text" value="\$3.50"/>	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	<input type="text" value="10"/>	<input type="text" value="\$870.00"/>	\$/Million gallons

PERFORMANCE INDICATORS

Financial Indicators

Non-revenue water as percent by volume of Water Supplied:	<input type="text" value="38.7%"/>
Non-revenue water as percent by cost of operating system:	<input type="text" value="25.3%"/>
Annual cost of Apparent Losses:	<input type="text" value="\$51,126"/>
Annual cost of Real Losses:	<input type="text" value="\$108,302"/>

Operational Efficiency Indicators

Apparent Losses per service connection per day:	<input type="text" value="20.37"/>	gallons/connection/day
Real Losses per service connection per day*:	<input type="text" value="N/A"/>	gallons/connection/day
Real Losses per length of main per day*:	<input type="text" value="4,547.38"/>	gallons/mile/day
Real Losses per service connection per day per psi pressure:	<input type="text" value="25.57"/>	gallons/connection/day/psi
Unavoidable Annual Real Losses (UARL):	<input type="text" value="25.57"/>	million gallons/year
From Above, Real Losses = Current Annual Real Losses (CARL):	<input type="text" value="124.48"/>	million gallons/year
Infrastructure Leakage Index (ILI) [CARL/UARL]:	<input type="text" value="4.87"/>	

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

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 82 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: Billed metered**
- 2: Volume from own sources**
- 3: Customer metering inaccuracies**

[For more information, click here to see the Grading Matrix worksheet](#)

TUCKALEECHEE UTILITY DISTRICT					
HISTORY FILE					
	Audited	Audited	Audited	Audited	Audited
Fiscal year ended 6/30	2007	2008	2009	2010	2011
Water revenues	\$ 1,414,072	\$ 1,348,293	\$ 1,439,329	\$ 1,555,876	\$ 1,674,186
Other revenues	\$ 81,322	\$ 86,675	\$ 88,285	\$ 96,770	\$ 112,725
Total Operating Revenues	\$ 1,495,394	\$ 1,434,968	\$ 1,527,614	\$ 1,652,646	\$ 1,786,911
Total Operating Expenses	\$ 1,347,570	\$ 1,374,359	\$ 1,541,959	\$ 1,843,387	\$ 1,767,870
Operating Income	\$ 147,824	\$ 60,609	\$ (14,345)	\$ (190,741)	\$ 19,041
Interest Expense	\$ 110,767	\$ 107,614	\$ 104,131	\$ 109,165	\$ 89,223
Capital Contributions	\$ 32,797	\$ 32,146	\$ 73,592		
Change in Net Assets	\$ 69,854	\$ (14,859)	\$ (44,884)	\$ (299,906)	\$ (70,182)
<u>Supplemental Information</u>					
Principal payment	\$ 72,031	\$ 74,745	\$ 77,455	\$ 55,092	\$ 50,851
Depreciation	\$ 172,418	\$ 168,196	\$ 166,369	\$ 175,856	\$ 197,678
<u>Water Rates</u>					
3/4" meter 2,000 gallons	\$ 11.50				\$ 17.10
1" meter 2,000 gallons	\$ 22.00				\$ 31.50
2" meter 2,000 gallons	\$ 31.25				\$ 43.50
4" meter 2,000 gallons	\$ 120.00				n/a
6" meter 2,000 gallons	\$ 190.00				\$ 271.50
over 2,000 gallons	\$ 4.50				\$ 6.40
Tap fee 3/4" meter	\$ 500.00				\$ 1,100.00
Tap fee 1" meter	\$ 1,000.00				\$ 2,000.00
Customers - residential	3,933		4,035	4,035	4,115
Customers - commercial	95				
Water loss		17.57%	17.86%	54.90%	38.50%

TUCKALEECHEE UTILITY DISTRICT
Townsend, Tennessee
SCHEDULE OF UNACCOUNTED FOR WATER
June 30, 2011

(All amounts in gallons)

	<u>Total Purchased</u>
A Water Treated and Purchased:	
B Water Pumped (potable)	0
C Water Purchased	407,736,086
D Total Water Treated and Purchased (Sum Lines B and C)	407,736,086
E Accounted for Water:	
F Water Sold	249,570,700
G Metered for Consumption (in house usage)	0
H Fire Department(s) Usage	163,208
I Flushing	335,232
J Tank Cleaning/Filling	0
K Street Cleaning	0
L Bulk Sales	0
M Water Bill Adjustments/plus or (minus)	562,100
N Total Accounted for Water (Sum Lines F thru M)	250,631,240
O Unaccounted for Water (Line D minus Line N)	157,104,846
P Percent Unaccounted for Water (Line) divided by Line D times 100)	38.5%
Q Other (explain)	See below

Explain Other:

All amounts included in this schedule are supported by documentation on file at the water system. If no support is on file for a line item or if the line item is not applicable, a "0" is shown.

See accompanying independent auditors' report and notes.

**Tuckaleechee Utility District
7706 Chestnut Hill Rd.
Townsend, TN. 37882
865-448-2230**

June 13, 2012

JUN 22 2012

Ms. Joyce Welborn, Board Coordinator
505 Deaderick Street, Suite 1500
James Polk State Office Building
Nashville, TN. 37243-1402

Dear Ms. Welborn,

We here at Tuckaleechee Utility District have been working very hard over the past year to comply every request of the Utility Management Review Board. It is with pleasure that I can report to you that 99% of the questions in the questionnaire presented to us can be answered positively.

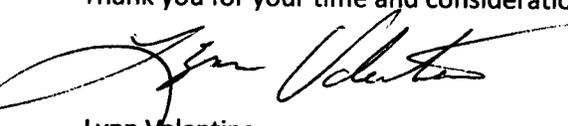
We are still a work in progress, and there are a lot of things left to do. As you well know it takes time to repair things that are broken, and identify the things that are not working well and repair them. I won't go into detail here but the questionnaire will reveal most of the items. Since my tenure here, we have begun the process to implement almost all of the practices you are asking about in the questionnaire. Some of the practices are not fully implemented as of yet, but they are in the process.

Our rates have been adjusted in our judgment be fair to the customer and also be able to maintain a positive utility financial status. And also to mention briefly that the water loss has been reduced by more than 20% since my arrival here at the utility. We have had a complete system wide leak survey done, several leaks were located and repaired at that time, and ongoing effort has been made to repair new leaks found quickly and efficiently. We have installed monitoring systems on many of our key components which is allowing us to more closely monitor the system, and hopefully be able to identify and repair problems much more quickly than in the past.

We have just recently begun a partial system wide meter replacement program as well. The meters we have chosen to install, which will be just over half the system will be the new AMR technology. I don't think I need to explain the benefits of this technology. I believe it will be of great benefit to the system.

Looking forward to our next meeting, if there is anything further you need concerning our status report please don't hesitate to call at the number above.

Thank you for your time and consideration in this matter.



Lynn Valentine
General Manager
Tuckaleechee Utility District

Answers to a questionnaire

1. Q. Are you billing for general government water use? A. Yes, we purchase all our water therefore all of our customers have metered connections, excluding fire departments.
2. Q. Are you accounting for the water used by the water and/or sewer department? Yes, we are keeping accurate flushing records. The section pertaining to sewer department does not apply, as of present we are not charter for sewer, although at present we are applying for a sewer charter.
3. Q. do you periodically check or inspect all 2 inch and larger meters? A. Yes, during the past two years we have contracted with independent contractors to test all of our meters on a yearly basis of 2 inch and larger.
4. Q. do you have a recalibration policy and procedure in place? A. Yes, independent contractors or instructed to repair any problems found during the testing procedure.
5. Q. Do you have a meter replacement policy? Is the trigger based on age(length of time in service)or on gallons? A. Yes, the current policy we have in place at present is budgeted for a 10 year sectional rotation of the meters based on gallons. Although currently we are replacing approximately 2400 meters in the system, which is a little more than half of our system. These meters are automatic meter read or AMR's. After the change out the 10 year rotation will begin.
6. Q. Do you have a process to inspect for unauthorized consumption? What are the consequences if unauthorized consumption is discovered? A. Yes, at present most of our meters or visually inspected by utility personnel once a month, and at present we have approximately 800 AMR's in the ground and they are monitored electronically. And as for consequences consumers are usually confronted with a uniformed police officer, and a utility personnel, and offered an opportunity to make restitution for his consumption. The alternative would be to be arrested for theft of services.
7. Q. Do you have a leak detection program currently in place? A. Yes, we have utility personnel on a monthly basis go out into problem areas and listen at night, and also subcontract with a local leak detection firm to help us with hard-to-find problems.
8. Q. Do you have written policies, including a policy for billing adjustments? Are the written policies followed correctly by all levels of staff? A. Yes, The Tuckaleechee Utility District adopted on August 20, 2010 the TA UD policy on adjustments to bills. And yes the policies are followed correctly all levels of staff.
9. Q. Do you have authorized noncustomer users (volunteer fire departments, etc.)? Do you account for the use? Do you have a method for the user to report water usage? A. Yes, we have to volunteer fire department in our system. We do account for the usage of one of the volunteer fire departments, I have had major obstacles in getting the other volunteer fire department to report their usage. We are currently working toward a solution for this problem. The last part of the question is yes we do have a method for the user to report their usage.
10. Q. Is your system "zoned" to isolate water loss? A. Yes, we have recently made some physical changes in the system that allows us to valve the system off into four separate zones.

11. Q. Do you search for leaks at night when there is little traffic or small household usage? A. Yes, we send utility personnel out on a monthly basis to listen for leaks and also when we think there is a problem in any given area.
12. Q. Do you or can you control pressure surges? A. Yes, it is my opinion that we have check valves and equipment in place where necessary to control all pressure surges.
13. Q. Do you have or have access to leak detection equipment? A. Yes, the utility owns two leak detection devices, however on occasion we use a local leak detection company, which has equipment that surpasses our own in leak detection.
14. Q. What is your policy for notifying customers they have a leak? A. Our policy is that usually first detection is by the meter reader, and he is instructed to leave a door hanger on the property to notify the customer that they have a leak. Secondly if we have contact information in the computer for the customer they or attempted to be contacted by phone.
15. Q. Do you have a public relations programs to encourage citizens to report leaks? A. Yes, and we encourage customers to report leaks. Our customer relations have improved greatly over the past two years, one thing being when customers report leaks we repair them as quickly as possible, and customer sees action quickly they think that someone cares and someone is listening, and have a tendency to communicate better.
16. Q. Do you have a policy to prosecute water theft or meter tampering/damage? A. Yes, the consequences for water theft or meter tampering or dealt with with the same methods outlined in question six. There usually confronted by a utility personnel and also law enforcement. They are given an opportunity to make restitution for the water theft, and if they choose not to do so, they will be prosecuted to the full extent of the law.
17. Q. What is the monetary value of the lost water?
18. Q. Is the cost to repair the leak justified based on the amount of the water being lost? A. it is my opinion that since we are a distributor and do not operate a water plant, that all leak repairs would be justified, of course one would use a bit of common sense judgment on the type repairs that one make.

Water Audit Report for: **Tuckaleechee Utility District**
 Reporting Year: **2011** / 7/2010 - 6/2011

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:	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	Million gallons (US)/yr (MG/Yr)
Master meter error adjustment (enter positive value):	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr
Water imported:	<input type="text" value="9"/>	<input type="text" value="407.736"/>	MG/Yr
Water exported:	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr
WATER SUPPLIED:		407.736	MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	<input type="text" value="9"/>	<input type="text" value="249.570"/>	MG/Yr
Billed unmetered:	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr
Unbilled metered:	<input type="text" value="10"/>	<input type="text" value="0.562"/>	MG/Yr
Unbilled unmetered:	<input type="text" value="5"/>	<input type="text" value="5.097"/>	MG/Yr
Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed			
AUTHORIZED CONSUMPTION:		255.229	MG/Yr

Click here: for help using option buttons below

Pcnt: Value:

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption)

MG/Yr

Apparent Losses

Unauthorized consumption:	<input type="text" value="5"/>	<input type="text" value="1.019"/>	MG/Yr
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed			
Customer metering inaccuracies:	<input type="text" value="3"/>	<input type="text" value="13.165"/>	MG/Yr
Systematic data handling errors:	<input type="text" value="9"/>	<input type="text" value="0.052"/>	MG/Yr
Apparent Losses:		14.237	

Pcnt: Value:

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: MG/Yr

WATER LOSSES: MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: MG/Yr

= Total Water Loss + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	<input type="text" value="7"/>	<input type="text" value="165.0"/>	miles
Number of active AND inactive service connections:	<input type="text" value="9"/>	<input type="text" value="4,300"/>	
Connection density:	<input type="text" value="26"/>		conn./mile main
Average length of customer service line:	<input type="text" value="9"/>	<input type="text" value="0.0"/>	ft (pipe length between curbstop and customer meter or property boundary)
Average operating pressure:	<input type="text" value="8"/>	<input type="text" value="90.0"/>	psi

COST DATA

Total annual cost of operating water system:	<input type="text" value="10"/>	<input type="text" value="\$1,843,387"/>	\$/Year
Customer retail unit cost (applied to Apparent Losses):	<input type="text" value="10"/>	<input type="text" value="\$5.75"/>	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	<input type="text" value="10"/>	<input type="text" value="\$1,983.00"/>	\$/Million gallons

PERFORMANCE INDICATORS

Financial Indicators

Non-revenue water as percent by volume of Water Supplied:	<input type="text" value="38.84"/>
Non-revenue water as percent by cost of operating system:	<input type="text" value="19.94"/>
Annual cost of Apparent Losses:	<input type="text" value="\$81,861"/>
Annual cost of Real Losses:	<input type="text" value="\$274,190"/>

Operational Efficiency Indicators

Apparent Losses per service connection per day:	<input type="text" value="9.07"/>	gallons/connection/day
Real Losses per service connection per day*:	<input type="text" value="N/A"/>	gallons/connection/day
Real Losses per length of main per day*:	<input type="text" value="2,295.90"/>	gallons/mile/day
Real Losses per service connection per day per psi pressure:	<input type="text" value="0"/>	gallons/connection/day/psi
Unavoidable Annual Real Losses (UARL):	<input type="text" value="50.51"/>	million gallons/year
From Above, Real Losses = Current Annual Real Losses (CARL):	<input type="text" value="138.27"/>	million gallons/year
Infrastructure Leakage Index (ILI) [CARL/UARL]:	<input type="text" value="2.74"/>	

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

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 85 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: Customer metering inaccuracies
- 2: Water imported
- 3: Unauthorized consumption

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

DeWhite Utility District

Addressing Water Loss

1. Are you billing for all general government water use? Examples: City Hall, Parks, Community Centers, etc.

1. YES

2. Are you accounting for the water used by the water and/or sewer department?

2. YES

3. Do you periodically check or inspect all 2" and larger meters?

3. YES

4. Do you have a recalibration policy and procedure in place?

4. NO

5. Do you have a meter replacement policy? Is the trigger based on age (length of time in service) or on gallons?

5. YES, Trigger is all of the above mentioned. The District is currently replacing all meters to remote reads as it can afford to do so.

6. Do you have a process to inspect for unauthorized consumption? What are the consequences if unauthorized consumption is discovered?

6. YES

7. Do you have a leak detection program currently in place?

7. NO, Only a procedure. With help from T.A.U.D. the District can implement one.

8. Do you have written policies, including a policy for billing adjustments? Are the written policies followed correctly by all levels of staff?

8. YES

9. Do you have authorized non-customer users (volunteer fire departments, etc)? Do you account for the use? Do you have a method for the user to report water usage?

9. YES

10. Is your system "zoned" to isolate water loss?

10. YES and working to install more zone meters.

11. Do you search for leaks at night when there is little traffic or small household usage?

11. NO

12. Do you or can you control pressure surges?

12. NO, Our system has constant speed pumps but planning to install VFD'S on all pumping stations to help with pressure surges.

13. Do you have or have access to leak detection equipment?

13. YES

14. What is your policy for notifying customers they have a leak?

14. All customers are notified by one of the following: in person, door hanger, phone call or through mailing.

15. Do you have a public relations program to encourage citizens to report leaks?

15. NO

16. Do you have a policy to prosecute water theft or meter tampering/damage?

16. YES, T.A.U.D. Policy

17. What is the monetary value of the lost water?

17. \$ 2.44 per thousand gals.

18. Is the cost to repair the leak justified based on the amount of water being lost?

18. NO, All leaks are repaired when found.

DeWhite Utility District

Water Loss Reduction Plan

The DeWhite Utility District had an annual water loss of 41% for fiscal year 2011. The system understands the urgency and importance of maintaining a low water loss percentage and has taken steps over the past several years to reduce this number down. This plan was developed in accordance with the AWWA Water Audit to reduce our water loss even further. The Audit did show our utility was doing a good job with a relatively low Infrastructure Leakage Index; however the utility is committed to doing an even better job in this area. The following list is the plans of the utility to get this problem under control.

1. The DeWhite Utility District has an ongoing meter change out program. As funds permits the Utility is going to automated meter reads (AMR) approx 300 meters per year. This year the District was able to purchase and install 528 meters and also convert 50 existing meters to automated meter reads.
2. The District installed 7 zone meters in 2010 and has since then added 2 more zone meters. The District is also looking into implementing a S.C.A.D.A. system to help decrease the longevity of these leaks.
3. The District will continue with its ongoing leak survey throughout the system.
4. The system is looking at problematic areas to priorities and replace pipe. The District is replacing approximately 4,760 ft. of problematic piping this summer, and will continue to identify new areas that may need replacing.

Calhoun-Charleston Utility District of McMinn and Bradley Counties, Tennessee
 Statements of Revenues, Expenses, and Changes in Net Assets
 For the Years Ended September 30, 2011 and 2010

Compliance
Aug 2012

	<u>2011</u>	<u>2010</u>
OTHER REVENUES (EXPENSES)		
Interest expense	\$ (4,819)	\$ (4,113)
Interest income	415	656
Plant costs recovered through contributions in aid of construction:		
Tap fees over cost	30,663	11,626
Contributions from other governments	<u>554,651</u>	<u>556,233</u>
 Total other revenues (expenses)	 <u>580,910</u>	 <u>564,402</u>
 Change in net assets	 640,226	 587,904
Net assets, beginning of the year	<u>2,862,688</u>	<u>2,274,784</u>
Net assets, end of year	<u>\$ 3,502,914</u>	<u>\$ 2,862,688</u>

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(continued from previous page)
 The accompanying notes are an integral part of these financial statements.

Compliance
Aug 2012

CLEARFORK UTILITY DISTRICT

STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN NET ASSETS

(continued)

Year Ended December 31, 2011

NONOPERATING INCOME(EXPENSE)

Interest income

6,348

Interest expense

(2,731)

3,617

CHANGE IN NET ASSETS

13,978

NET ASSETS AT THE BEGINNING OF THE YEAR

2,050,562

NET ASSETS AT THE END OF THE YEAR

\$2,064,541

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31.91.070

See the accompanying notes to the financial statements

Compliance Aug 2012

Ritter
TAX AND ACCOUNTING
SERVICES, CPA

CUNNINGHAM UTILITY DISTRICT OF
MONTGOMERY COUNTY, TENNESSEE

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS

YEAR ENDED DECEMBER 31, 2011

OPERATING REVENUES	\$1,804,594
Allowance for bad debts	(12,088)
	<u>1,792,506</u>
OPERATING EXPENSES	
Water purchases	534,346
Salaries and wages	372,872
Materials and supplies	90,430
Repairs and maintenance	15,125
Other operating expenses	294,919
Depreciation and amortization	<u>386,288</u>
Total Operating Expenses	<u>1,693,980</u>
OPERATING INCOME	98,526
NONOPERATING REVENUES (EXPENSES)	
Miscellaneous	169,097
Income from joint venture	(11,933)
Interest income	8,603
Interest expense	(230,935)
Net Nonoperating Revenues (Expenses)	<u>(65,168)</u>
INCREASE IN NET ASSETS	33,358
TOTAL NET ASSETS, beginning of year	<u>7,017,361</u>
TOTAL NET ASSETS, end of year	<u>\$7,050,719</u>

WL
26.51 070

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

Compliance Aug 2012

First Utility District of Carter County
Statement of Revenue, Expenses and Changes in Net Assets (Cont.)

Net Operating Income Before Depreciation	548,517
Less Depreciation	<u>210,141</u>
Net Operating Income	338,376
Non-operating revenues (expenses)	
Interest Income	10,462
Theft Reimbursement	10,112
Interest Expense	<u>(143,014)</u>
Total non-operating revenue and expenses, net	(122,440)
Gain or (Loss) on Disposal of Assets	<u>(9,121)</u>
Increase (decrease) in net assets	<u>206,815</u>
Net assets at beginning of year	<u>3,386,191</u>
Net assets at end of year	<u><u>\$ 3,593,006</u></u>

*W L
24.1 %*

Compliance Aug 2812

HOLSTON UTILITY DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended February 29, 2012

Operating Revenue:	
Water Revenue	\$ 378,832.48
Penalties	9,280.95
Tap Fees	3,500.00
Service Charges	<u>2,657.09</u>
Total Operating Revenue	<u>394,270.52</u>
Operating Expenses:	
Management Fees	17,440.44
Materials-Supplies	686.59
Water Purchased	121,195.34
Lights and Power	3,572.31
Repairs and Maintenance	75,490.63
Office Expense	7,968.29
Professional Services	7,111.85
Commissioner compensation	1,800.00
Insurance Expense	<u>1,567.43</u>
Total Operating Expenses, excluding depreciation	<u>236,832.88</u>
Net Operating income Before Depreciation	157,437.64
Less Depreciation	<u>(43,022.28)</u>
Net Operating income (loss)	<u>114,415.36</u>
Non-operating Revenues or (Expenses)	
Interest Income	217.04
Bond Interest (expense)	<u>(41,045.18)</u>
Total Other Revenues or (Expenses)	<u>(40,828.14)</u>
Increase in Net Assets	<u>73,587.22</u>
Beginning Net Assets	755,113.04
Ending Net Assets	<u>828,700.26</u>

*WL
16.461%*

The notes to the financial statements are an integral part of this statement.

Compliance
August 2012

HORNBEAK WATER UTILITY DISTRICT
HORNBEAK, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended April 30, 2011

<u>Operating Revenue</u>	
Water service - charges	\$ 187,413
Late payment penalties	19,011
Connection fees	1,650
Total Operating Revenue	<u>208,074</u>
<u>Operating Revenue Deductions</u>	
Utilities	14,361
Salaries	41,005
Advertising	467
Legal and audit	2,500
Outside labor	2,210
Payroll taxes	3,575
Insurance and bonds	7,152
Mowing	1,200
Miscellaneous	1,984
Supplies	9,377
Directors fees	3,500
Bank charges	20
Facility maintenance	958
Water purchased	67,927
Sample testing	3,293
Refunds	106
Fuel	1,283
Returned checks	355
Total Operating Revenue Deductions	<u>161,273</u>
Net Operating Revenue Before Depreciation	46,801
Less: Depreciation	<u>(47,938)</u>
Net Operating Revenue	<u>(1,137)</u>
<u>Other Non-Operating Income (Deductions)</u>	
Interest revenue	<u>3,925</u>
Total Other Income (Deductions)	<u>3,925</u>
Increase (Decrease) in Net Assets	2,788
Net Assets - Beginning	<u>1,230,980</u>
Net Assets - Ending	<u>\$ 1,233,768</u>

See accompanying notes and accountant's report.

WL
24.3040%

Lakeview
Compliance -
August 2012

Lakeview Utility District 12/31/11
Statement of Revenue, Expenses and Changes in Net Assets (Cont.)

Operating expenses (Cont.):		
Advertising	669	
Unemployment Tax	274	
Materials	10,417	
License/Fees	11,471	
Bad Debt Expense	9,656	
	<hr/>	
Total operating expenses		843,559
		<hr/>
Operating income		1,753
Non-operating revenues (expenses)		
Interest Income	2,514	
Interest Expense	(104,898)	
	<hr/>	
Total non-operating revenue and expenses, net		(102,384)
Capital Contributions:		
Rural Development Grants		1,106,658
		<hr/>
Increase (decrease) in net assets		1,006,027
Net assets at beginning of year		3,952,167
		<hr/>
Net assets at end of year		\$ 4,958,194
		<hr/> <hr/>

Wk
34.34070

Compliance August
2012

North Utility District of Decatur and Benton Counties
Statement of Revenues, Expenses and Changes in Fund Net Assets
March 31, 2012

Revenues	
Operating Revenues	
Metered water service	\$ 522,031
Penalty Revenue	19,690
Application fees	4,000
Tap Fees	9,000
Transfer Fees	690
Re-installation fees	3,000
Other revenue	16,433
Total Operating Revenues	<u>574,844</u>
Operating Expenses	
Cost of water production	25,649
Lab fees	5,885
Salaries	135,600
Payroll taxes	10,454
Employee insurance expense	28,804
Insurance	11,993
Meter reading	6,302
Professional fees	9,350
Supplies	798
Office expense and postage	18,581
Utilities and telephone	53,220
Repair and maintenance	10,074
Mileage expense	2,541
Commissioners allowance	600
Employee retirement	5,964
Miscellaneous	2,282
Total Operating Revenue Deductions	<u>328,098</u>
Net Operating Revenue before Depreciation	246,746
Less: Depreciation	(130,217)
Less: Amortization	<u>(1,473)</u>
Net Operating Income (Loss)	115,056
Other Income (Deductions)	
Interest income	9,090
Interest expense	<u>(103,124)</u>
Total Other Income (Deductions)	<u>(94,034)</u>
Increase (Decrease) in Net Assets	21,022
Prior period adjustment	4,106
Net Assets - Beginning	<u>2,992,172</u>
Net Assets - Ending	<u>\$ 3,017,300</u>

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

Wk
26.69 070

OLD HICKORY UTILITY DISTRICT OF
DAVIDSON COUNTY, TENNESSEE

Compliance
August 2012

Schedule of Departmental Net Income (Loss)

Year ended October 31, 2011

	<u>Total</u>	<u>Garbage and Trash</u>	<u>Street Lighting</u>	<u>Sewer, Water and Filter Plant</u>	<u>Recreation</u>
Operating revenues:					
Departmental	\$ 1,689,578	427,891	29,300	1,124,771	107,616
Connection fees	26,176	-	-	26,176	-
Service charges (A)	37,452	9,363	749	25,093	2,247
Miscellaneous income (A)	<u>10,728</u>	<u>2,681</u>	<u>215</u>	<u>7,188</u>	<u>644</u>
	1,763,934	439,935	30,264	1,183,228	110,507
Direct operating expenses	<u>1,478,805</u>	<u>374,034</u>	<u>24,428</u>	<u>889,227</u>	<u>191,116</u>
Gross profit (loss)	285,129	65,901	5,836	294,001	(80,609)
General and administrative expenses (A)	<u>290,349</u>	<u>72,587</u>	<u>5,807</u>	<u>194,534</u>	<u>17,421</u>
Operating income (loss)	<u>(5,220)</u>	<u>(6,686)</u>	<u>29</u>	<u>99,467</u>	<u>(98,030)</u>
Nonoperating revenues (expenses):					
Interest income (A)	1,677	419	34	1,123	101
Rental income	<u>12,100</u>	<u>-</u>	<u>-</u>	<u>12,100</u>	<u>-</u>
	13,777	419	34	13,223	101
Increase (decrease) in net assets before capital contributions	8,557	(6,267)	63	112,690	(97,929)
Capital contributions	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
Increase (decrease) in net assets	11,557	(6,267)	63	115,690	(97,929)
Net assets at beginning of year	<u>5,649,058</u>	<u>97,886</u>	<u>2,905</u>	<u>5,428,285</u>	<u>119,982</u>
Net assets at end of year	<u>\$ 5,660,615</u>	<u>91,619</u>	<u>2,968</u>	<u>5,543,975</u>	<u>22,053</u>
(A) Certain revenues and expenses have been pro-rated based on the relative operating revenues	<u>100 %</u>	<u>25 %</u>	<u>2 %</u>	<u>67 %</u>	<u>6 %</u>

WL
15.10.070

*Compliance
August 2012*

PERRYVILLE UTILITY DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2011

OPERATING REVENUES	
Metered water sales	\$ 347,636
Tap fees	5,500
Rent income	1,800
Connection fees	4,440
Miscellaneous	-
Uncollectible accounts	(1,610)
TOTAL OPERATING REVENUES	<u>357,766</u>
OPERATING EXPENSES	
Water purchases	134,714
Salaries and wages	33,999
Payroll taxes	2,786
Repairs and maintenance	25,565
Supplies	7,304
Auto and truck expense	9,312
Tap expense	3,985
Legal fees	4,000
Office expense	6,385
Insurance	3,872
Utilities and telephone	8,682
Accounting and auditing	17,750
Commission fees	2,400
Miscellaneous	2,500
Certified operator fee	825
Fees and dues	2,142
Depreciation	41,946
TOTAL OPERATING EXPENSES	<u>308,167</u>
OPERATING INCOME	<u>49,599</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	2,519
Interest expense	(15,113)
Gain on asset disposal	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(12,594)</u>
CHANGE IN NET ASSETS	37,005
NET ASSETS - beginning of year	<u>1,353,359</u>
NET ASSETS - end of year	<u>\$ 1,390,364</u>

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

*WL
29.431.10*

Compliance Aug
2012

Roan Mountain Utility District
Statement of Revenue, Expenses, and Changes in Net Assets
For the Fiscal Year Ended March 31, 2012

<u>Operating Revenues</u>	
Charges for Sales and Services	
Water Sales	\$ 158,262
Miscellaneous Service Charges	11,346
Tap Fees	<u>832</u>
Total Operating Revenues	<u>\$ 170,440</u>
<u>Operating Expenses</u>	
Cost of Sales and Services	\$ 40,426
Administration	73,967
Depreciation and Amortization	<u>40,615</u>
Total Operating Expenses	<u>\$ 155,008</u>
Operating Loss	<u>\$ 15,432</u>
<u>Nonoperating Revenues (Expenses)</u>	
Interest Income	<u>\$ 891</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 891</u>
<u>Loss Before Contributions</u>	\$ 16,323
Capital Contributions - Tap Fees	<u>668</u>
<u>Change in Net Assets</u>	\$ 16,991
<u>Total Net Assets - Beginning</u>	<u>613,169</u>
<u>Total Net Assets - Ending</u>	<u>\$ 630,160</u>

WL
31.10.10%

The notes to the financial statements are an integral part of this statement.

Compliance
August 2012

SALTILLO UTILITY DISTRICT OF HARDIN COUNTY

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS**

FOR THE YEAR ENDED OCTOBER 31, 2011

OPERATING REVENUES

Water sales	\$	94,440
Connection fees		480
Service charges		27,840
Meter and tap fees		3,983
Rent		15,600
TOTAL OPERATING REVENUES		<u>142,343</u>

OPERATING EXPENSES

Operating salaries		24,365
Utilities		14,870
Repairs and maintenance		14,520
Chemicals		7,947
Supplies		10,772
Office salaries		11,000
Taxes		3,376
Postage and printing		3,637
Commissioner fees		600
Dues and subscriptions		312
Fees		971
Freight		152
Contracted services		7,800
Legal and accounting		3,860
Insurance		1,488
Miscellaneous		2,631
Mowing and gas		4,800
Depreciation		21,251
TOTAL OPERATING EXPENSES		<u>134,352</u>

OPERATING INCOME 7,991

NONOPERATING REVENUES(EXPENSES)

Interest income		1,483
Interest expense		(6,511)
Amortization expense		(36)
TOTAL NONOPERATING REVENUES(EXPENSES)		<u>(5,064)</u>

INCREASE(DECREASE) IN NET ASSETS 2,927

NET ASSETS - BEGINNING OF YEAR 538,698

NET ASSETS - END OF YEAR \$ 541,625

Wk
26.97070

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

Complain Aug
2012

**West Overton Utility District
Statement of Revenue, Expenses and
Changes in Fund Net Assets
For the year ending December 31, 2011**

<u>Operating Revenue</u>		
Water Sales	\$ 1,143,531.74	
Service Charge	8,625.00	
Tap Fees	6,327.00	
Reconnect Fees	6,540.00	
Developers Fees	-	
Misc.	1,191.58	
Total Operating Revenue		\$ 1,166,215.32
<u>Operating Expenses</u>		
Water Purchases	523,800.38	
Wages	182,469.04	
Employee Benefits	59,894.93	
Contract Labor	26,944.00	
Postage & Office Expense	16,909.70	
Computer & Software	10,497.22	
Repairs & Field Supplies	32,832.71	
Conference, Dues, Fees	11,219.32	
Travel & Meals	4,927.69	
Telephone & Utilities	17,959.13	
Legal, Accounting, Professional	9,500.00	
Insurance	13,668.64	
Taxes & Licenses	14,604.61	
Testing & Samples	4,414.00	
Truck Expense	6,694.63	
Credit Card Fees	1,199.02	
Publications	1,420.22	
Total Operating Expense		<u>938,955.24</u>
<u>Net Operating Revenue Before Depreciation And Amortization</u>		227,260.08
Less Depreciation	159,050.63	
Less Amortization	5,204.73	
Total Depreciation and Amortization		<u>164,255.36</u>
Net Operating Revenue		63,004.72
<u>Other Income/Expenses</u>		
Tap Income Over Cost	6,973.00	
Other Fees	2,550.00	
System Improvement Fees	13,300.00	
Interest Income	13,018.81	
Grant Income	195,738.59	
Interest on Long-Term Debt	(58,571.15)	
Net Other Income (Expenses)		<u>173,009.25</u>
Net Increase in Net Assets		<u>236,013.97</u>
Total Net Assets, January 1, 2011		<u>3,688,066.37</u>
<u>Total Net Assets, December 31, 2011</u>		<u>\$ 3,924,080.34</u>

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

WK
34,003.00

UTILITY MANAGEMENT REVIEW BOARD
Creation petition

Case: Hartsville-Trousdale County Utility District
Customers: 2,771
Water loss: 32%

A petition is before the Board to allow the creation of the Hartsville-Trousdale County Water/Sewer Utility District. It is my understanding that the system wants to be completely separate from the metropolitan government. The proposed utility district plans to acquire the existing water and sewer system and will serve the same customers as the existing systems.

In 2001, the City of Hartsville and Trousdale County unified into a metropolitan form of government. The water/sewer information was included in the combined metro audit beginning in 2005. For the fiscal years ending June 30, 2005 thru June 30, 2009, there were deficiencies noted in the audits. It appears that the deficiencies were corrected because none were noted in the June 30, 2010 and 2011 audits.

As reflected in the attached analysis, the utility system appears to rely heavily on grant funds. According to the attached analysis the system is not in compliance with state law which requires the *“administrative agency shall determine and fix charges to be made for furnishing any and all of the facilities as provided...upon a basis calculated to ensure the fiscal solvency of the operation at all times.”* (TCA 5-16-109) Similarly, utility districts are required to prescribe and collect reasonable rates, fees, tolls or charges to ensure that such system shall be and always remain self-supporting (TCA 7-82-403). Other statutes, TCA 7-34-115 and TCA 9-21-308 also have language requiring that rates and fees be sufficient to fund operation, maintenance, debt service and depreciation.

The related water loss information is border-line with the current 35% standard. Using the information in the free water audit software report for FY 10, the system would be substantially outside the recently adopted standards.

FY 11 showed a negative change in net assets. FY 12 information has not been provided to staff. Information provided by the utility contains a budget for FY 13 reflecting a positive change in net assets, however it includes \$1,000,000 in grant funds.

At the public hearing to create the utility district, the county mayor is to find “that the public convenience and necessity requires the creation of the district; and the creation of the district is economically sound and desirable...” It appears that neither of the conditions has been met. **Therefore, based on currently available information, staff recommends the Board deny the petition for the creation of the Hartsville-Trousdale Water/Sewer Utility District.**

Analysis of Hartsville/Trousdale County Utility District - Proposed				
Information from audited financial statements				
	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>
W/S Revenues	\$ 1,489,599	\$ 1,481,271	\$ 1,380,269	\$ 1,174,777
Other revenues	\$ 82,670	\$ 76,813	\$ 55,430	\$ 404,983
Investment	\$ 79,690	\$ 45,140	\$ 24,816	\$ 15,417
insurance recovery				\$ 170,912
Total revenue	\$ 1,651,959	\$ 1,603,224	\$ 1,460,515	\$ 1,766,089
Operating expenses	\$ 2,314,824	\$ 1,960,782	\$ 1,795,439	\$ 2,043,692
Bond interest	\$ 36,410	\$ 26,998	\$ 18,483	\$ 13,886
Loss on disposal of assets			\$ 8,270	\$ 3,598
Total expenses	\$ 2,351,234	\$ 1,987,780	\$ 1,822,192	\$ 2,061,176
Operating income	\$ (699,275)	\$ (384,556)	\$ (361,677)	\$ (295,087)
grant revenue	\$ 156,230	\$ 882,126	\$ 450,234	\$ 173,693
Contributions	\$ 1,836,656			
Transfers In(out)		\$ 10,254	\$ 16,511	\$ 16,509
Net change in assets	\$ 1,293,611	\$ 507,824	\$ 105,068	\$ (104,885)
Depreciation	\$ 783,772		\$ 335,680	\$ 313,641
Water Loss		38.2%	36.1%	32%
Customers		2,772	2,782	2,771
Rates				
<i>Inside</i>				
0-2,000 gallons		\$ 11.46	\$ 11.46	\$ 12.60
All over		\$ 3.74	\$ 3.74	\$ 4.11
<i>Outside Suburban</i>				
0-2,000 gallons		\$ 15.63	\$ 15.63	
All over		\$ 6.57	\$ 6.57	
<i>Outside Rural</i>				
0-2,000 gallons		\$ 19.24	\$ 19.24	\$ 21.16
All over		\$ 6.57	\$ 6.57	\$ 7.22

BEFORE THE COUNTY EXECUTIVE OF HARTSVILLE/TROUSDALE COUNTY
GOVERNMENT

In Re:

PETITION FOR CREATION)
OF THE HARTSVILLE-TROUSDALE)
WATER/SEWER UTILITY DISTRICT OF)
HARTSVILLE/TROUSDALE COUNTY,)
TENNESSEE)

RECEIVED

MAY 23 2012

STATE AND LOCAL FINANCE

PETITION FOR CREATION

To the Honorable Jake West, County Executive of Hartsville/Trousdale County Government

Come now the petitioners being over twenty-five (25) individuals who reside and own real property within the boundaries of the proposed utility district and file this Petition seeking the creation of Hartsville-Trousdale Water/Sewer Utility District of Hartsville/Trousdale County, Tennessee. In support of this Petition, the Petitioners state as follows:

1. The proposed utility district will provide water and sewer service within the boundaries of the proposed utility district in Hartsville/Trousdale County, Tennessee. The proposed utility district is being created at the request of the Hartsville/Trousdale County Government, and upon its creation the Hartsville/Trousdale County Government intends to transfer by written agreement all of the facilities, assets and obligations of the Hartsville/Trousdale County Water and Sewer Department to the proposed utility district. No other utility is currently providing water and sewer service within of the boundaries of the proposed district.

2. The proposed name of the utility district is the Hartsville-Trousdale Water/Sewer Utility District of Hartsville/Trousdale County, Tennessee. The boundaries of the proposed utility

district are set forth in Exhibit 1 attached to this Petition which includes the geographic area of the Hartsville/Trousdale County Government (Hartsville/Trousdale County) except for the portion of Hartsville/Trousdale County which is included within the boundaries of the Castalian Springs-Bethpage Utility District of Sumner and Trousdale Counties, Tennessee.

3. The proposed utility district plans to acquire the existing water and sewer system of the Hartsville/Trousdale County Water and Sewer Department (the Department) and operate this water and sewer system as a separate utility district. The Department was granted full authority and power to operate the water and sewer system previously owned and operated by the City of Hartsville before the consolidation of Hartville and Trousdale County by Ordinance #30-2005-10 of the Hartsville/Trousdale County Commission, a copy of which is attached as Exhibit 2. The members of the Water and Sewer Board of the Department approved the transfer of the water and sewer system to the proposed utility district upon its creation.

4. The Department currently provides water service to approximately 2,800 water customers and sewer service to approximately 1,000 sewer customers in Hartsville/Trousdale County. Each of these customers will become the water and sewer customers of the proposed utility district upon the transfer of the Department's water and sewer system to the utility district after its creation.

5. The Department's water and sewer customers will see no change in the services they currently receive upon the acquisition of the water and sewer systems by the proposed utility district. All employees of the Department will become employees of the proposed utility district, and these employees will be performing the same jobs for the water and sewer system after the acquisition by the proposed utility district which they are currently performing for the Department. The Department

currently employees 15 people. The proposed utility district does not plan to hire any additional employees upon the acquisition of the water and sewer system to operate the system.

6. The Department obtains its water supply from the Cumberland River/Old Hickory Lake and treats its water at a water treatment plant with a capacity to treat 2 million gallons of water per day which is located at 10 Water Plant Road, Hartsville, TN 37074. All of the Department's water facilities, including the water treatment plant, will be transferred to the proposed utility district.

The Department is currently using 40% of the capacity of the water treatment plant. Therefore, the proposed utility district will have a sufficient water supply to meet the water demands of current and future customers of the utility district.

7. The Department owns and operates a sewer treatment facility with a capacity of 750,000 gallons per day and is currently using 200,000 gallons per day of this capacity. The Department holds NPDES Permit No. 0030899 from the Tennessee Department of Environment and Conservation to operate the sewer treatment facility. All of the Department's sewer system facilities, including the sewer treatment facility, will be transferred to the proposed utility district.

8. The anticipated costs to operate the water and sewer system of the proposed utility district will essentially be the same as the operation costs of the Department to operate its water and sewer system. The budget for the operation of the Department for the fiscal year ending June 30, 2013 will initially become the budget of the proposed utility district upon the acquisition of the water and sewer system from the Department. A copy of this budget is attached as Exhibit 3. The proposed utility district does not expect the water and sewer system to incur any additional operational costs as a result of the transfer of the Department's water and sewer system to the utility district.

9. The proposed utility district will charge its customers the same rates and charges which are being charged by the Department for water and sewer services. A schedule of rates and fees which will be charged is set forth in Exhibit 4.

10. Because the utility district will be providing water and sewer service with the same water and sewer systems being operated by the Department, the utility district will not be constructing any new facilities immediately upon the acquisition of the water and sewer system. The utility district intends to adopt the current capital improvement plans of the Department as the capital improvement plans of the utility district.

11. Upon the acquisition of the facilities, assets and obligations of the Department, the proposed utility district will have the necessary revenue and resources to own and operation a water and sewer system for the benefit of the current and future residents located within the proposed utility district's boundaries.

12. The Hartsville/Trousdale County Government, through the Department, and the City of Hartsville, prior to the consolidation of Hartsville with Trousdale County in 2001, have operated the Department's water and sewer system for many years. The Department's Board of Directors and the Hartsville/Trousdale County Government desire that the Department's water and sewer systems be owned and operated by a separate governmental entity whose sole function is to provide public utility services, and they believe that the Department's water and sewer services can more efficiently and conveniently be furnished to the citizens and residents of Hartsville/Trousdale County within the proposed utility district's boundaries by the proposed utility district.

13. The Petitioners assert that the creation of the proposed utility district and the acquisition and operation of the Department's water and sewer system by the newly created utility district is required by the public convenience and necessity and is economically sound and desirable.

14. The petitioners hereby nominate the following residents within the boundaries of the proposed district to serve as commissioners:

- (a) Hattie Stott to serve a four year term;
- (b) Dennis Oldham to serve a three year term; and
- (c) Phyllis Shoulders to serve a two year term.

Each of these persons currently serve on the Board of Directors of the Department and have knowledge and experience in managing the operation of the water and sewer system the proposed utility district plans to acquire upon its creation.

WHEREFORE, PETITIONERS PRAY:

1. That upon the receipt of the Petition after the review and approval of the Petition by the Utility Management Review Board, the Hartsville/Trousdale County Executive will schedule a hearing within thirty (30) days thereafter and will order publication of notice of the hearing in a newspaper of general circulation within the proposed district's boundaries as required by T.C.A. § 7-82-202. An appropriate form for the Notice of Public Hearing is submitted to the County Executive herewith.

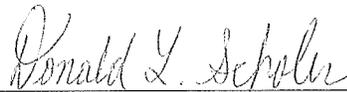
2. That the County Executive give notice of the filing of this Petition and of the date of the hearing to the Mayors of all towns with populations of 5,000 or more within 5 miles of the proposed district boundaries and to the Mayors of all towns with populations of less than 5,000

within three (3) miles of such boundaries in accordance with T.C.A. § 7-82-202, and that the County Executive give notice of the filing of this Petition and of the date of the hearing to the managing officials of all water, sewer, or gas service facilities operated by a county, city, or utility district within three (3) miles of the boundaries of the proposed district as provided by T.C.A. § 7-82-202. Appropriate letters and the required certified mail forms relating thereto have been prepared for the convenience of the County Executive and are submitted herewith.

3. That upon the hearing, the County Executive determine that the public convenience and necessity requires the creation of the proposed utility district with authority to provide water and sewer services and that creation is economically sound and desirable, and that the County Executive issue an order creating the proposed district, and appoint the aforementioned nominees as the initial members of the proposed utility district's Board of Commissioners.

Dated May 23, 2012.

Respectfully submitted,



DONALD L. SCHOLES BPR # 10102
Branstetter, Stranch & Jennings, PLLC
227 Second Avenue North, Fourth Floor
Nashville, Tennessee 37201-1631
(615) 254-8801

Attorney for the Petitioners

INDIVIDUAL PETITIONERS:

2. Juni Luther
Signature

105 Jones Lane
Hartsville, TN 37074
Address

3. Lynn Malone
Signature

1320 Sleepy Hollow Ln
Hartsville Ln 37074
Address

4. Steve Low
Signature

4070 Green Grove Rd.
Hartsville Tenn 37074
Address

5. Ricky Calhoun
Signature

1410 Sleepy Calhoun
Hartsville Tenn
Address

6. Angela Holland
Signature

306 East Main St.
Hartsville, TN 37074
Address

7. Wanda Faye Haldh
Signature

2015 Hwy 10
Hartsville Tenn 37074
Address

8. Jada Bowman
Signature

10570 Hwy 25 East
Hartsville, TN 37074
Address

9. Mary Belcher
Signature

1045 Boat Dock Rd.
Hartsville, TN 37074
Address

10. Robert Johnson
Signature

212 Linn St
Hartsville, TN 37074
Address

11. *Robert Bealey*
Signature

128.5 Lock Six Rd.
Hartsville, TX
Address

12. *Peggy J Taylor*
Signature

908 Turner Dr.
Hartsville, TN
Address

13. *Katie Cleary*
Signature

101 Carr St.
Hartsville, TN
Address

14. *Amanda Tharcastor*
Signature

306 Church Street
Hartsville TN 37074
Address

15. *Liz Cook*
Signature

713 Taylor AVE
Hartsville TN
Address

16. *Linda Hammond*
Signature

695 Boat Dock Ln
Hartsville, TN 37074
Address

17. *Debbie Jenkins*
Signature

25 Purvis Lane
Hartsville, TN 37074
Address

18. *Dawnyne Byrd*
Signature

3065 Browning Br. Rd
Bethpage, TN 37022
Address

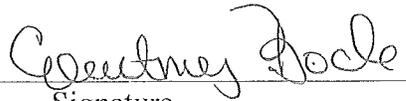
19. *Kenny Chespy*
Signature

80 Blackwell Lane
Dixon Springs, TN 37057

20. 
Signature

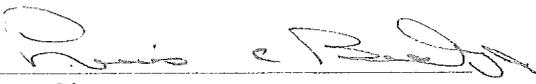
Address
145 Basileys Rd

Hartsville TN 37074
Address

21. 
Signature

2755 Sulphur College Rd
Hartsville TN 37074

Address

22. 
Signature

240 HARRIS BRANCH
HARTSVILLE, TENN 37074

Address

23. 
Signature

120 West Mc Murry Blvd.
Hartsville, TN 37074

Address

24. 
Signature

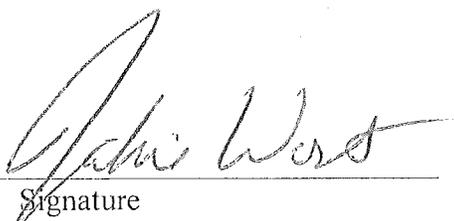
1830 Hwy 10
Hartsville, Tenn 37074

Address

25. 
Signature

315 WEST MAIN ST
HARTSVILLE TN 37074

Address

26. 
Signature

335 Storytown Road
Hartsville, TN 37074

Address

27. 
Signature

135 Sam Beasley Rd
Hartsville, TN 37074

Address

28. 

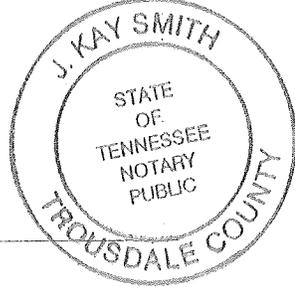
212 Western Ave.

Further, Affiant saith not.

[Handwritten Signature]

Sworn to and subscribed before me this
22nd day of May, 2012.

J Kay Smith
Notary Public



My Commission Expires: 10/28/14

EXHIBIT 1

BOUNDARY DESCRIPTION

The boundaries of the proposed utility district will be the boundaries of the Hartsville/Trousdale County Government excluding that portion of the boundaries of the Castalian Springs-Bethpage Utility District of Sumner County and Trousdale County which are which are located within the Hartsville/Trousdale County Government.

EXHIBIT 1

BOUNDARY DESCRIPTION

All areas within the boundaries of the Hartsville/Trousdale County Government excluding that portion of the boundaries of the Castalian Springs-Bethpage Utility District of Sumner County and Trousdale County which are located within the boundaries of Hartsville/Trousdale County Government.

ORDINANCE #30-2005-10
An Ordinance To Set The Responsibilities And Duties For The
Hartsville/Trousdale County Water And Sewage Utility District

WHEREAS, the Hartsville/Trousdale County Charter does not prescribe the duties and responsibilities of the Hartsville/Trousdale County Water and Sewer Utility District; and

WHEREAS, the Hartsville/Trousdale County Water and Sewer Utility District Board shall consist of five (5) members, appointed as prescribed in the Metro Charter; and

WHEREAS, the annual budgets shall be presented to the Commission Budget Committee for approval to be included in the annual county budget; and

WHEREAS, all indebtedness shall be approved by the Hartsville/Trousdale County Commission, but shall be the responsibility of the Utility District; and

WHEREAS, the District Board establishes all policies and procedures for the operation of the District; and

WHEREAS, the day to day District operations shall be the responsibility and under the management of a superintendent recommended by the Board for appointment by the County Executive/Mayor and confirmed by the County Commission as prescribed for in the Metro Charter; and

WHEREAS, the Utility District Board shall be authorized to transfer funds between major categories within an approved budget, including transfers from fund balance to expenditure lines; and

WHEREAS, in emergency situations the County Executive/Mayor and the Board Chairman shall be authorized to jointly approve emergency expenditures; and

WHEREAS, the District Board shall be authorized to accept bids and issue contracts for purchases and services required for the operation of the Department pursuant to the required financial limitations; and

WHEREAS, the Board shall establish rates sufficient to fund the operation of the Department and fund the Department's indebtedness; and

WHEREAS, all accounting procedures and records shall be consistent with acceptable accounting principals as prescribed by Tennessee Code Annotated and the Comptroller's Office of the State of Tennessee.

NOW, THEREFORE, BE IT ORDAINED by the Hartsville/Trousdale County Commission that all above responsibilities and duties for the Hartsville/Trousdale Water and Sewage Utility District be set in place.

BE IT FURTHER ORDAINED that this ordinance shall be effective upon the passage of three readings by a majority vote of the County Commission.

1 st Reading	Yes: 19	No: 0	Date	Nov 28, 2005
2 nd Reading	Yes: 18	No: 0	Date	Jan 23, 2006
3 rd Reading	Yes: 18	No: 0	Date	Jan 23, 2006

Ordinance approved (failed) this 23 day of January 2005

APPROVED:

Ken Cliff
COMMISSION CHAIRMAN

ATTEST:

David Gregory
COUNTY CLERK

Page 1

Water Department

Hartsville/Trousdale County, Tennessee
Water and Sewer Department
Statement of Proposed Operations
For the Fiscal year Ending June 30, 2013

Account No.	Description	Estimated 2012-2013
----------------	-------------	------------------------

Estimated Revenues for Water & Sewer:

44420	Cash on Hand	\$ 600
43190	Non-Refundable Connection	20,000
43191	Water Sales	1,100,000
43192	Forfeited Discounts	20,000
43193	Water Tap Sales	25,000
43194	Sewer Sales	300,000
44110	Investment Income	12,000
44170	Miscellaneous Refunds	5,000
44990	Misc (Svc Chg/Cut On/Past Due)	17,000
47180	Community Dev Grant	<u>1,000,000</u>
	Total Water & Sewer Revenue	<u>\$2,499,600</u>

Total Estimated Revenues \$2,499,600

Hartsville/Trousdale County, Tennessee
Water and Sewer Department
Statement of Proposed Operations
For the Fiscal Year Ending June 30, 2013

ESTIMATED EXPENDITURES

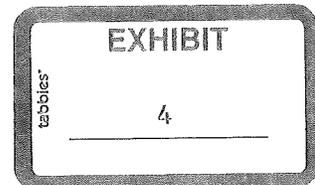
55900 Other Public Health and Welfare

Account No.	Description	Estimated 2012-2013
105	Supervisor/Director	\$ 61,000
119	Accountants/Bookkeepers	53,000
162	Clerical Personnel	133,000
187	Overtime Pay	42,000
189	Other Salaries & Wages	375,000
196	In-Service Training	5,000
201	Social Security	55,000
204	State Retirement	145,000
207	Medical Insurance	75,000
307	Communication	40,000
317	Data Processing	22,000
320	Dues & Memberships	10,000
321	Engineering Services	15,000
332	Legal Notices, Recording	1,000
335	Maintenance & Repair/Bldgs	6,000
336	Maintenance & Repair/Equipt	65,000
337	Maintenance & Repair/Ofc Eqp	4,000
338	Maintenance & Repair/Vehicles	7,500
348	Postal Charges	16,000
351	Rentals	4,000
355	Travel	3,000
399	Other Contracted Services	40,000
415	Electricity	200,000
425	Gasoline	38,000
434	Natural Gas	7,500

Page 4

Water Department

Estimated Change in Fund Balance:	(\$88,400)
Estimated Fund Balance 7/1/2012:	\$ 1,572,888
Estimated Fund Balance 6/30/13:	\$ 1,484,488



SCHEDULE OF RATES AND FEES

*** Effective July 1, 2011 ***

1. Monthly Service Rates – Residential

Water Rate Schedule For Water Inside Town

First 2,000 gallons (minimum)	\$ 13.86
All over 2,000 gallons	\$ 4.52 per 1,000 gallons

Rate Schedule for Water Outside Town – Rural

First 2,000 gallons (minimum)	\$ 23.28
All over 2,000 gallons	\$ 7.28 per 1,000 gallons

2. Meter Connection Fee

Residential Fee	\$ 75.00
Commercial Fee	\$ 75.00
Meter Box Replacement Fee	\$ 75.00

3. Tap Service Fees - (See "Existing Developers' Contracts")

	<u>Meter Size</u>	<u>Tap Service Fee</u>
(a) Residential & Commercial	3/4"	\$2,000.00
	"1"	\$2,250.00
	"2"	\$3,000.00
(b) Fire Hydrant		\$1,000.00
(c) Irrigation		\$1,000.00
(d) Fire Protection/Sprinkler Line		\$1,000.00
(e) Sewer		\$2,000.00

4. Miscellaneous Fees

(a) Past Due Fee	\$ 30.00
	\$ 75.00 after business hours
(c) Returned Check Fee	\$ 30.00
(d) Repair Service Charge	\$ 25.00 + materials & labor
(e) Backflow Preventor & annual testing required	
(f) Automatic Sprinkler System for Fire Protection	
Service fee - \$1.00 per sprinkler head per year	

5. Developers' Fees (See specifics in Development Policy & Contract)

(a) Application Review Fee	\$1,250.00
	\$ 250.00 - water availability letter
	\$1,000.00 - preliminary engineering (to be credited toward 10% fee)
(b) Fee for administrative, legal and engineering services	10% of estimated cost (see \$1,000.00 credit above)
(c) Maintenance Bond and Performance Bond Required	

THESE RATES AND FEES CHART MAY BE AMENDED AT ANY TIME BY THE DISTRICT

BRANSTETTER, STRANCH & JENNINGS, PLLC

ATTORNEYS AT LAW
227 SECOND AVENUE NORTH
FOURTH FLOOR

NASHVILLE, TENNESSEE 37201-1631
TELEPHONE (615) 254-8801 ~ FACSIMILE (615) 250-3937

CECIL D. BRANSTETTER, SR.
C. DEWEY BRANSTETTER, JR.
RANDALL C. FERGUSON
R. JAN JENNINGS*
JOE P. LENISKI, JR.
DONALD L. SCHOLES
MIKE STEWART
JAMES G. STRANCH, III
J. GERARD STRANCH, IV
MICHAEL J. WALL

ASSOCIATES:
KARLA M. CAMPBELL
BEN GASTEL*
STACEY K. SKILLMAN **

OF COUNSEL:
ROBERT E. RICHARDSON, JR. ***

July 26, 2012

* ALSO ADMITTED IN GA
** ALSO ADMITTED IN KY
*** ONLY ADMITTED IN OH

Ms. Joyce Welborn
Comptroller of the Treasury
Division of Local Government Audit
Utility Management Review Board
Suite 1500, James K. Polk Building
505 Deaderick Street
Nashville, TN 37243-1402

JUL 26 2012

Via Hand Delivery

Re: Petition for Creation of Hartsville-Trousdale Water/Sewer Utility District of
Hartsville/Trousdale County, Tennessee

Dear Joyce:

I am writing you in follow up to our previous discussions regarding your concern about the budget submitted as Exhibit 3 with this Petition. You expressed a concern that the Hartsville-Trousdale County water and sewer system did not appear to have rates set sufficiently high so that its operating revenues covered its operating expenses and needed grant money to have a positive change in net assets for the year projected in the budget. I told you that I was meeting with Jerry Helm, the Superintendent of the Hartsville-Trousdale County Water and Sewer Department to discuss your concern. Mr. Helm informed me that the budget for the 2012-2013 fiscal year submitted as Exhibit 3 of the Petition was prepared based upon 10 months of operations of the system's 2011-2012 fiscal year. Because the County Commission must appropriate funds for the expenditure of funds by the water and sewer department, Mr. Helm was generally conservative in projecting revenues and liberal in projecting expenses when submitting the budget to the County Commission so that the annual appropriation would not have to be amended during the next fiscal year.

Mr. Helm has prepared a Projected Statement of Revenues, Expenses and Changes in Net Assets for the 2012-2013 fiscal year based upon the actual revenues and expenses for the full 12 months of the 2011-2012 fiscal year. He has projected revenues and expenses which he believes are more accurate taking into account these actual results and taking into account that as a utility district the board of commissioners will not have to obtain an annual appropriation from the County Commission to operate. The enclosed Projected Statement of Revenues, Expenses and Changes in Net Assets for the 2012-2013 fiscal year should be substituted for Exhibit 3 in the original Petition.

Ms. Joyce Welborn
July 26, 2012
Page 2

The changes made to the original budget submitted take into account the following:

(1) Projected water sales and sewer sales revenues take into account a full 12 months of sales which includes the 10% increase in water rates which became effective on July 1, 2011. The system had implemented a previous 10% increase in water rates on July 1, 2010.

(2) The following line items included in the original budget have not been included in the Exhibit 3 – Revised: motor vehicle; office equipment; other equipment; other construction and other capital outlay. After discussing the items in these accounts with Mr. Helms, we confirmed that each of these items were purchases of capital assets or utility line and system improvements construction which are depreciable assets which costs should be depreciated over the life of the asset and not included as an expense in the year purchased or constructed. Mr. Helm did not know why the county auditors insisted these line items be included as expenses; however, as a utility district the purchase of these assets and the construction of utility system improvements will not be operating expenses.

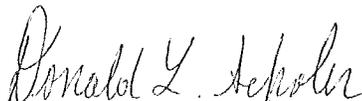
Mr. Helm does realize that rates may need to be increased by the utility district's board of commissioners to provide operating revenues sufficient to cover its operating expenses. The Hartsville-Trousdale County water and sewer system has made substantial progress toward this goal. The system will be "financially distressed" since it projects to have a positive change in net assets for the 2012-2013 fiscal year.

As we discussed, this issue exists whether the system remains a department of the Hartsville-Trousdale County or is acquired by a newly created utility district.

I would appreciate you including this revised Exhibit 3 in the information forwarded to the UMRB members. Mr. Helm will be present at the UMRB meeting to answer any questions.

I also noticed that the Exhibit 4 attached to the Petition did not have the monthly sewer rates listed on it. The monthly sewer service rates are the same as the monthly water service rates. I revised Exhibit 4 to so state.

Sincerely yours,


DONALD L. SCHOLES

Enclosures

c: Honorable Jake West
Jerry Helm

Hartsville-Trousdale Water/Sewer Utility District
Projected Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ending June 30, 2013

OPERATING REVENUES

Charges for Current Services:

Other General Service Charges	\$	27,055
Water Sales		1,310,000
Forfeited Discounts		21,204
Water Tap Sales		60,000
Sewer Sales		<u>350,424</u>

Total Charges for Current Services \$ 1,768,683

Other Local Revenues

Miscellaneous Refunds	\$	5,000
Other Local Revenues		<u>18,259</u>
Total Other Local Revenues	\$	<u>23,259</u>

TOTAL OPERATING REVENUES \$ 1,791,942

OPERATING EXPENSES

Supervisor/Director	\$	61,000
Accountants/Bookkeepers		53,000
Clerical Personnel		100,000
Overtime Pay		42,000
Other Salaries & Wages		375,000
In-Service Training		5,000
Social Security		50,000
State Retirement		135,000
Medical Insurance		68,000
Communication		35,000
Data Processing		19,000
Dues & Memberships		8,000
Engineering Services		5,000
Legal notices, Recordings		1,000
Maintenance & Repair/Bldgs		6,000
Maintenance & Repair/Equip		60,000

Page 2 – Hartsville-Trousdale Water/Sewer Utility District

Maintenance & Repair/Ofc Eqp	4,000
Maintenance & Repair/Vehicles	5,500
Postal Charges	16,000
Rentals	2,000
Travel	3,000
Other Contracted Services	35,000
Electricity	200,000
Gasoline	33,000
Natural Gas	7,500
Office Supplies	6,500
Tires & Tubes	1,500
Vehicle Parts	2,000
Testing (Water Samples etc)	18,000
Chemicals	75,000
Other Supplies & Materials	45,000
Liability Insurance	85,000
Depreciation	315,000
Other Charges	48,000
Total Operating Expenses	\$ 1,925,000
Net Operating Income (Loss)	\$ (133,058)
<u>NON-OPERATING REVENUES</u>	
Investment Income	\$ 12,000
Grant Income	1,000,000
Total Non-Operating Revenue	\$ 1,012,000
<u>NON-OPERATING EXPENSES</u>	
Interest on Bonds	\$ 15,000
Total Non-Operating Expenses	\$ 15,000
Total Nonoperating Revenues(Expenses)	\$ 997,000
CHANGE IN NET ASSETS	\$ 863,942

SCHEDULE OF RATES AND FEES

1. Monthly Service Rates – Water and Sewer

Rate Schedule For Inside Town

First 2,000 gallons (minimum)	\$ 13.86
All over 2,000 gallons	\$ 4.52 per 1,000 gallons

Rate Schedule for Outside Town – Rural

First 2,000 gallons (minimum)	\$ 23.28
All over 2,000 gallons	\$ 7.28 per 1,000 gallons

2. Meter Connection Fee

Residential Fee	\$ 75.00
Commercial Fee	\$ 75.00
Meter Box Replacement Fee	\$ 75.00

3. Tap Service Fees - (See "Existing Developers' Contracts")

(a)	Residential & Commercial	<u>Meter Size</u>	<u>Tap Service Fee</u>
		3/4"	\$2,000.00
		"1"	\$2,250.00
		"2"	\$3,000.00
(b)	Fire Hydrant		\$1,000.00
(c)	Irrigation		\$1,000.00
(d)	Fire Protection/Sprinkler Line		\$1,000.00
(e)	Sewer		\$2,000.00

4. Miscellaneous Fees

(a)	Past Due Fee	\$ 30.00
		\$ 75.00 after business hours
(c)	Returned Check Fee	\$ 30.00
(d)	Repair Service Charge	\$ 25.00 + materials & labor
(e)	Backflow Preventor & annual testing required	
(f)	Automatic Sprinkler System for Fire Protection	
	Service fee - \$1.00 per sprinkler head per year	

5. Developers' Fees (See specifics in Development Policy & Contract)

(a)	Application Review Fee	\$1,250.00
		\$ 250.00 - water availability letter
		\$1,000.00 - preliminary engineering (to be credited toward 10% fee)
(b)	Fee for administrative, legal and engineering services	10% of estimated cost (see \$1,000.00 credit above)
(c)	Monthly Service Rates – Residential aintenance Bond and Performance Bond Required	

JAKIE WEST

Hartsville/Trousdale County Executive
210 Broadway, Room 5
Hartsville, Tennessee 37074
Telephone: (615) 374-2461
Fax: (615) 374-3948
trousdaleexec@bellsouth.net

Debbie Jenkins
Executive Assistant

Linda Gammons
Secretary



July 25, 2012

Ms. Joyce Welborn
Comptroller of the Treasury
Division of Local Government Audit
Utility Management Review Board
Suite 1500, James K. Polk Bldg.
505 Deaderick Street
Nashville, TN 37243-1402

JUL 26 2012

Dear Ms. Welborn:

RE: Petition for Creation of Hartsville-Trousdale Water/Sewer Utility District of
Hartsville/Trousdale County, Tennessee

Dear Ms. Welborn:

For several months prior to the filing of this Petition, I had discussed the creation of a utility district to acquire and operate the water and sewer system of the Hartsville/Trousdale County Water and Sewer Department with the Superintendent of the Department, Jerry Helm. The governing board of the Department fully supports the creation of the utility district.

I am writing you to advise the Utility Management Review Board that I fully support the creation of the utility district and the transfer of the Department's water and sewer system to the new utility district upon its creation. I believe having the water and sewer system owned and operated by a utility district separate from the County Government is in the best interests of the present and future customers of the water and sewer system.

Sincerely,

Jake West
County Executive

c: Jerry Helm

JURISDICTION LIST FOR THE UTILITY MANAGEMENT REVIEW BOARD AUGUST 2012				
<u>DISTRICT</u>		<u>COUNTY</u>	<u>LAST AUDIT</u>	<u>LAST BD APPEARANCE</u>
Bedford County UD		Bedford	June-11	April-10
Bloomington UD	WL	Sullivan	June-11	October-12
Bristol-Bluff City UD		Sullivan	July-11	October-10
Carderview UD		Johnson	June-11	October-12
Cedar Grove UD	WL	Carroll	June-11	October-11
Cherokee Hills UD	WL	Polk	December-11	October-12
Chuckey UD	WL	Greene	June-11	October-11
Citizens Gas UD		Scott	November-10	February-12
Claiborne County UD		Claiborne	July-11	August-12
Clarksburg UD		Carroll	December-11	October-12
Clay Gas UD		Clay	August-10	February-10
Cookeville Boat Dock Road	WL	Putnam	December-10	February-12
Cross Anchor UD	WL	Greene	June-11	October-11
DeWhite UD	WL	White	December-11	October-11
Double Springs UD	WL	Putnam	April-11	February-12
East Sevier UD	WL	Sevier	June-11	October-11
Fall River Road UD		Lawrence	December-11	October-12
First UD of Hardin County		Hardin	March-12	February-12
Gibson County Municipal District	WL	Gibson	November-11	October-12
Grandview UD		Rhea	December-10	December-10
Hampton UD	WL	Carter	November-11	August-12
Harbor UD	WL	Benton	June-11	October-11
Intermont UD		Sullivan	December-11	October-11
Iron City UD		Lawrence	December-10	February-12
Jackson County UD	WL	Jackson	December-10	October-12
Knox Chapman	WL	Knox	February-11	February-12
Leoma UD		Lawrence	December-10	February-12
Lone Oak UD		Sequatchie	December-10	April-10
Minor Hill UD	WL	Giles	December-10	October-11
Mooresburg UD		Hawkins	December-08	August-08
Mowbray UD		Hamilton	June-11	August-12
Natural Gas UD of Hawkins Co		Hawkins	March-12	December-12
Northeast Henry County UD	WL	Henry	June-10	October-11
Quebeck-Walling	WL	White	December-10	February-12
Sale Creek UD	WL	Hamilton	June-11	October-11
Samburg Utility District		Obion	January-11	October-08
Savannah Valley UD		Hamilton	April-11	February-12
Shady Grove UD	WL	Jefferson	September-11	October-11
Siam UD	WL	Carter	January-11	August-12
Sneedville UD		Hancock	March-11	
SoddyDaisy-Falling Water UD	WL	Hamilton	August-11	October-11
South Elizabethton UD	WL	Carter	February-11	October-11
South Giles UD	WL	Giles	December-10	October-12
South Side UD		Smith	December-11	February-12
Striggersville UD		Hawkins	December-10	February-12
Sunbright UD	WL	Morgan	March-11	February-12
Tuckaleechee UD		Blount	June-11	August-12
Unicoi Water UD		Unicoi	September-11	August-12
Webb Creek UD		Sevier	December-11	October-11
West Cumberland UD		Cumberland	June-11	August-12
West Point UD	WL	Lawrence	December-11	October-12
Woodlawn UD	WL	Montgomery	December-11	October-12

WATER LOSS STATUS							
<u>District</u>	<u>original referral %</u>	<u>original audit referral date</u>	<u>subsequent review %</u>	<u>subsequent review date</u>			
Bloomingtondale	45.064%	6/30/2010	44.64%	6/30/2011			
Cedar Grove	46.705%	6/30/2010	40.61%	6/30/2011			
Cherokee Hills	100.000%	12/31/2010	100.00%	12/31/2011			
Chuckey	36.770%	6/30/2010	39.49%	6/30/2011			
Cookeville Boat Dock Road	45.480%	12/31/2009	45.92%	12/31/2010			
Cross Anchor	42.660%	6/30/2010	45.73%	6/30/2011			
DeWhite	42.000%	12/31/2010	41.60%	12/31/2011			
Double Springs	37.580%	4/30/2010	37.74%	4/30/2011			
East Sevier	75.000%	6/30/2010	72.00%	6/30/2011			
Fall River Road	45.00%	12/31/2010	41.00%	12/31/2011			
Gibson Co. Municipal	45.720%	11/30/2010	45.21%	11/30/2011			
Hampton	33.330%	11/30/2010	35.49%	11/30/2011			
Harbor	54.350%	6/30/2010	61.64%	6/30/2011			
Intermont	35.11%	12/31/2010	41.75%	12/31/2011			
Jackson County	36.93%	12/31/2010					
Knox Chapman	36.10%	2/28/2011					
Minor Hill	37.706%	12/31/2010					
Mowbray	41.480%	8/31/2010	42.30%	6/30/2011			
Northeast Henry	35.000%	6/30/2010					
Quebeck-Walling	35.100%	12/31/2010					
Sale Creek	60.320%	6/30/2010	49.24%	6/30/2011			
Shady Grove	37.090%	9/30/2010	40.16%	9/30/2011			
Siam	39.378%	1/31/2010	39.38%	1/31/2011			
Soddy-Daisy/Falling Water	39.960%	6/30/2010	37.50%	8/31/2011			
South Elizabethton	38.360%	2/28/2010	37.37%	2/28/2011			
South Giles	40.744%	12/31/2010					
Striggersville	44.210%	12/31/2010	46.26%	12/31/2011			
Sunbright	42.300%	3/31/2010	49.00%	3/31/2011			
West Point	67.000%	12/31/2009	41.00%	12/31/2010	45.00%	12/31/2011	
Woodlawn	37%	12/31/2011					