



STATE OF TENNESSEE
Water and Wastewater Financing Board

James K. Polk State Office Building, Suite 1500
505 Deaderick Street
Nashville, Tennessee 37243-1402
Phone (615) 401-7841 Fax (615) 741-6216

January 12, 2015

The Honorable Bill Haslam
Governor of Tennessee
First Floor, State Capitol
Nashville, TN 37243

Dear Governor Haslam:

The Water and Wastewater Financing Board is submitting to you its annual report for the calendar year 2014.

On behalf of each member of the Board, I would like to extend our continued appreciation to the employees of the Comptroller of the Treasury and of the Municipal Technical Advisory Service for their valuable contributions to the Board this year. Without their ongoing assistance, the Board would not be as successful.

The goal of the Board is to achieve our legislative mandates and to extend our services to the citizens of the State of Tennessee. We appreciate your continued confidence in, and support of, the Board. If I, or any member of the Board, can be of further assistance to you and your staff, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Ann V. Butterworth".

Ann V. Butterworth
Chair

Attachment

Cc: Honorable Justin P. Wilson, Comptroller of the Treasury

**ANNUAL REPORT
OF THE
WATER AND WASTEWATER FINANCING BOARD**

January 2014 through December 2014

ANNUAL REPORT FOR CALENDAR YEAR 2014

The 95th General Assembly created the Wastewater Financing Board in 1987 to assist financially distressed publicly owned wastewater systems to improve their financial condition. In July 1997, public water systems were also placed under the jurisdiction of this board; two members were added and the name was changed to Water and Wastewater Financing Board (Board). The Board promulgated rules and held its first meeting in April 1988. The current rules of the Board became effective September 27, 2010. Administratively, the Board was transferred from the Department of Environment and Conservation to the Comptroller of the Treasury in 2007.

The State of Tennessee currently has 348 incorporated municipalities operating approximately 225 water and 227 wastewater systems. Counties or treatment authorities operate 5 water and wastewater systems, 4 wastewater-only systems and 9 water-only systems.

The Division of Local Government Audit, Comptroller of the Treasury, refers local governments operating financially distressed water and/or wastewater systems to the Board. Financially distressed utility systems are defined as those having deficit total net position in any one year, having negative change in net position for a period of two consecutive years or currently in default on any debt instrument. The Department also refers to the Board water systems with a validity score of 65 or less or non-revenue water as a percent by cost of operating system of 30% or greater.

Staff to the Board reviews the referred cases and prepares presentations to the Board. Staff, at times assisted by the Municipal Technical Advisory Service, works with the utility systems to develop strategies to comply with state law. If a utility system has not yet reached compliance with state law to eliminate financial distress as of the time of presentation to the Board, the system remains under the Board's jurisdiction and the Board monitors to determine the success of the approved compliance plan. If the condition of financial distress or excessive water loss is not eliminated, the Board requires the system to present to the Board a revised plan to solve the financial distress or excessive water loss. Case studies are presented to the Board for the first appearance of a utility. An ongoing case is generally presented as a status report. A compliance report is presented when the utility is in compliance with financial distress and water loss issues.

The Board held 3 meetings during the calendar year 2014 in which 26 case studies (17 financial distress and 9 water loss), 8 status reports, and 39 compliance reports were presented to the Board.

The Board has addressed the financially distressed condition of 234 systems since its creation. Currently there are 33 systems under the jurisdiction of the Board for financial distress. There are currently 17 water loss cases under the jurisdiction of the Board.

At a joint meeting on June 6, 2012, the Board and the Utility Management Review Board decided to reaffirm 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. The water loss methodology can be obtained from www.AWWA.org.

The 108th General Assembly granted the Board an extension until June 30, 2019, via passage of Public Chapter 543, Acts of 2014.

**CASES PRESENTED
TO THE
WATER AND WASTEWATER FINANCING BOARD
DURING 2014**

System

County

Case Studies – Financial distress

City of Bluff City	Sullivan
City of Bolivar	Hardeman
City of Bradford	Gibson
Town of Brighton	Tipton
Town of Bruceston	Hardeman
City of Collinwood	Wayne
Town of Decatur	Meigs
Town of Huntland	Franklin
Town of Gainesboro	Jackson
Humphreys County Sewer	Humphreys
Lauderdale County Water System	Lauderdale
City of Middleton	Hardeman
City of Munford	Tipton
Town of Puryear	Henry
Town of Rutledge	Grainger
Town of Stanton	Haywood
Town of Tennessee Ridge	Houston/Stewart

Case Studies – Water loss

City of Hohenwald	Lewis
City of Jellico	Campbell
City of McMinnville	Warren
City of Millington	Shelby
Town of Monteagle	Franklin
Town of Oakland	Fayette
Town of Tellico Plains	Monroe
Town of Tiptonville	Lake
City of Westmoreland	Sumner

Status Reports

Town of Atwood	Carroll
City of Bluff City	Sullivan
City of Collinwood	Wayne
Town of Englewood	Monroe
City of Hohenwald	Lewis
City of Jellico	Campbell
City of Millington	Shelby
Town of Monteagle	Franklin
Town of Sharon	Weakley

Compliance Reports

Town of Ashland City	Cheatham
Town of Atwood	Carroll
Town of Benton	Polk
Town of Big Sandy	Benton
Town of Carthage	Smith
Town of Cumberland Gap	Claiborne
Town of Decaturville	Decatur
City of Decherd	Franklin
City of Elizabethton	Carter
City of Friendsville	Blount
City of Greeneville	Greene
City of Harriman	Roane
City of Henry	Henry
Town of Hollow Rock	Carroll
Town of Hornbeak	Obion
Town of Jasper	Marion
Town of Jonesborough	Washington
Town of Kimball	Marion
City of Lake City	Anderson/Campbell
City of Lakeland	Shelby
Lenoir City Utilities Board	Loudon
Lincoln County	Lincoln
City of Lobelville	Perry
City of McKenzie	Carroll/Henry/Weakley
City of McLemoresville	Carroll
Town of Monterey	Putnam
Town of Mosheim	Greene
Town of Mountain City	Johnson
City of New Johnsonville	Humphreys
City of Niota	McMinn
Town of Oliver Springs	Anderson/Morgan/Roane
Town of Petersburg	Lincoln/Marshall
Town of Sardis	Henderson
City of Spencer	Van Buren
Town of Wartrace	Bedford
Watauga River Regional Water Authority	Carter
City of Watertown	Wilson
City of Waverly	Humphreys
Town of Whiteville	Hardeman

**LOCAL GOVERNMENTS
CURRENTLY UNDER THE JURISDICTION OF THE
WATER AND WASTEWATER FINANCING BOARD**

<u>System</u>	<u>County</u>
Town of Alexandria	DeKalb
City of Bluff City	Sullivan
City of Bolivar	Hardeman
City of Bradford	Gibson
Town of Brighton	Tipton
Town of Bruceton	Carroll
Coffee County Sewer System	Coffee
City of Collinwood	Wayne
Town of Decatur	Meigs
City of Dunlap	Sequatchie
Town of Englewood	McMinn
City of Erin	Houston
City of Friendship	Crockett
Town of Gainesboro	Jackson
City of Grand Junction	Fayette
Town of Halls	Lauderdale
Town of Henning	Lauderdale
City of Hohenwald	Lewis
Town of Hornsby	Hardeman
Humphreys County	Humphreys
Town of Huntland	Franklin
Town of Huntsville	Scott
City of Jellico	Campbell
City of Kenton	Gibson/Obion
Lauderdale County Water	Lauderdale
Lincoln County Board of Public Utilities	Lincoln
City of McMinnville	Warren
City of Middleton	Hardeman
City of Millington	Shelby
Town of Monteagle	Franklin
Town of Monterey	Putnam
City of Munford	Tipton
Town of Oakland	Fayette
Town of Obion	Obion
Town of Oneida	Scott
City of Puryear	Henry
City of Ramer	McNairy
City of Red Boiling Springs	Macon
Town of Rutledge	Grainger
Scott County Sewer System	Scott
Town of Sharon	Weakley
City of Springfield	Robertson
Town of Stanton	Haywood
City of Sunbright	Morgan
Town of Tellico Plains	Monroe
Town of Tennessee Ridge	Houston/Stewart
Town of Tiptonville	Lake
Town of Vonore	Blount/Monroe
City of Westmoreland	Sumner
Town of Woodbury	Cannon

**MEMBERS
OF THE
WATER AND WASTEWATER FINANCING BOARD**

Ms. Ann V. Butterworth, Chair
Comptroller of the Treasury Designee

Mr. Tom Moss
Commissioner of the Tennessee Department of Environment and Conservation Designee

Mr. Benjamin Bolton
Representing Manufacturing Interests
Williamson County

Mr. Joseph Prochaska
Representing Environmental Interests
Davidson County

Replaced April 1, 2013

Ms. Tamika Parker
Representing Environmental Interests
Davidson County

Appointed April 2, 2013

Ms. Mechele Williams
Representing Minority Interests/Government Finance
Madison County

Appointed October 2, 2014

Mr. Drexel Heidel
Active Employee of a Water Utility District
Knox County

Ms. Betsy Crossley
Representing Municipalities
Williamson County

Replaced September 19, 2014

Mr. Todd Spangler
Representing Municipalities
Williamson County

Appointed September 19, 2014

Mr. Kenneth D. Wiggins
Active Employee of a Municipal Water Utility
Blount County

Mr. Randy Wilkins, General Manager
Representing Utility Districts
Montgomery County

**COMPTROLLER OF THE TREASURY
STAFF TO THE
WATER AND WASTEWATER FINANCING BOARD**

Ms. Joyce Welborn
Utilities Board Manager

Mr. John Greer
Utilities Board Analyst

Ms. Betsy Knotts
Assistant General Counsel