



AGENDA
Water and Wastewater Financing Board

March 14, 2013
10:00 am
Room 31, Legislative Plaza
301 Sixth Avenue North
(6th Avenue between Charlotte Avenue and Union Street)
Nashville, Tennessee

Call to Order

Approval of Minutes

January 10, 2013

Cases:

City of Kenton	Gibson/Obion Counties
http://www.comptroller.tn.gov/Repository/MA/Financial/1732-2011-kenton-afr-cpa545-8-31-12.pdf	
City of Friendship	Crockett County
http://www.comptroller.tn.gov/Repository/MA/Financial/1684-2012-friendship-afr-cpa545-12-31-12.pdf	
Town of Hornbeak	Obion County
http://www.comptroller.tn.gov/Repository/MA/Financial/1717-2012-hornbeak-afr-cpa258-3-01-13.pdf	
City of Henry	Henry County
http://www.comptroller.tn.gov/Repository/MA/Financial/1713-2011-henry-afr-cpa701-10-10-12.pdf	
Town of Henning	
http://www.comptroller.tn.gov/Repository/MA/Financial/1712-2011-henning-afr-cpa118-3-20-12.pdf	

Status:

Town of Oneida	Scott County
http://www.comptroller.tn.gov/Repository/MA/Financial/1811-2012-oneida-afr-cpa385-12-31-12.pdf	
Town of Alamo	Crockett County
http://www.comptroller.tn.gov/Repository/MA/Financial/1581-2012-alamo-afr-cpa6-2-15-13.pdf	
City of Lakeland	Shelby County
http://www.comptroller.tn.gov/Repository/MA/Financial/1742-2012-lakeland-afr-cpa273-12-18-12.pdf	
Town of Cumberland Gap	Claiborne County
http://www.comptroller.tn.gov/Repository/MA/Financial/1651-2011-cumberlandgap-afr-cpa191-12-15-11.pdf	
Town of Jasper	Marion County
http://www.comptroller.tn.gov/Repository/MA/Financial/1727-2012-jasper-afr-cpa126-12-28-12.pdf	

Compliance:

Cheatham County WTA	Cheatham County
City of Copperhill	Polk County
Town of Alamo	Crockett County
Town of Livingston	Overton County
Town of Rossville	Fayette County
City of Savannah	Hardin County
City of Madisonville	Monroe County

Miscellaneous:

Town of Whiteville	Hardeman County
http://www.comptroller.tn.gov/Repository/MA/Financial/1905-2012-whiteville-afr-cpa155-12-28-12.pdf	
Cases currently under WWFB jurisdiction	
Water loss status	
Next meeting	

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.

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Joyce.Welborn@cot.tn.gov

MINUTES
of the
WATER AND WASTEWATER FINANCING BOARD MEETING
January 10, 2013
10:05 a.m.

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

Board members present and constituting a quorum:

Ann Butterworth, Chairperson, Comptroller Designee

Tom Moss, Department of Environment and Conservation Designee

Randy Wilkins, Representing Utility Districts

Drexel Heidel, Active Employee of a Water Utility District

Kenny Wiggins, Active Employee of a Municipal Water System

Ben Bolton, Representing Manufacturing Interests

Betsy Crossley, Representing Municipalities

Joe Prochaska, Representing Environmental Interests

Members absent:

Daryl Hubbard, due to resignation

Staff present from the Office of the Comptroller of the Treasury:

Joyce Welborn

Greg Cothron

Rachel Newton

Sheila Reed

Approval of Minutes

Mr. Moss moved approval of the minutes of July 12, 2012. Mr. Wiggins seconded the motion. Motion to approve the minutes was approved unanimously.

Ms. Butterworth asked the members of the Board and staff to introduce themselves and state who they represent.

Cases – Financial distress

City of Oneida

Without objection, consideration of the City of Oneida was taken up first since representatives of the city were in attendance. Mayor Jack Lay was present at the Board's request regarding the City's financial condition. Mayor Lay stated that the City had lost four major users, had a 22% unemployment rate, and simply failed to increase rates as needed. He also stated that many things had been done internally to better control financial matters. The Board questioned the previous cash flow and

accounts payable situations. Mayor Lay stated that cash on hand had drastically improved and all accounts payable are current. He stated that the City was committed to no longer being in a dire financial condition. Mr. Prochaska moved to endorse the City's actions; however, he requested that a status report be provided to the Board in May and July of 2013. That status report is to include the latest unaudited financial information available, the status of the July 2013 rate increase, the projections for full compliance, the current customer count, and the status of the reopening of the hospital. Mr. Bolton seconded the motion, which was unanimously approved.

Town of Alamo

The Town of Alamo had been reported to the Board has having a negative change in net assets in its water and sewer system for two consecutive fiscal years. The Board commented on the steadily increasing water loss and the operating expenses. Staff was asked to contact the City for a response to the concerns and email the Board. Mr. Prochaska moved to endorse the actions of the City. Mr. Wilkins seconded the motion and it was unanimously approved.

Town of Alexandria

The Town of Alexandria had been reported to the Board having a negative change in net assets in its water and sewer system for two consecutive fiscal years as well as excessive water loss of 50.49%. Mr. Moss moved to endorse the actions of the Town thus far and require that all operational and management policies have been put in place in writing, with notification of the formal adoption of the policies is to be received by the Board staff within ninety (90) days of this meeting. Mr. Prochaska seconded the motion which was unanimously approved.

City of Greenfield

The City of Greenfield had been reported to the Board having a negative change in net assets in its water and sewer system for two consecutive fiscal years. A subsequent audit has been received which reflects compliance by the City. Mr. Bolton moved to dismiss the City. Ms. Crossley seconded the motion which carried unanimously.

Town of Henning

The Town of Henning had been reported to the Board having a negative change in net assets in its water and sewer system for two consecutive fiscal years as well as excessive water loss of 50.5%. Mr. Moss made a motion to require Town officials to attend the March 14, 2013 meeting of the Board. The motion included the requirement that the Town adopt a leak detection program, meter exchange program, have written policies in place, prepare the AWWA reporting worksheet and have a contract in place to conduct a rate study, all by the March meeting date. Mr. Heidel seconded the motion, which carried unanimously.

City of Moscow

The City of Moscow had been reported to the Board having two consecutive years with a change in net assets in its water and sewer system. Ms. Welborn explained that there was a newly elected Mayor which had been opposed to the increases. Mr. Moss moved to endorse the actions of the City and

remind the new Mayor that the City is under the jurisdiction of the Board and any changes made to the endorsed plan (which included rate and minimum bill increases, as well as changes to the collection process for past due accounts and credit card payments) would require approval of the Board. Mr. Bolton seconded the motion, which carried unanimously.

The Chair recessed the meeting at 11:10 a.m. and reconvened the meeting at 11:22 a.m.

Town of Rossville

The Town of Rossville had been reported to the Board having a negative change in net assets in its water and sewer system for two consecutive fiscal years. MTAS prepared a rate study that was the basis for substantial increases for the residential users. Mr. Wiggins moved to endorse the actions of the Town. Additional information about the possible renegotiation of the contract with Kellogg Company was requested. Mr. Moss seconded the motion. Motion carried unanimously.

Status Report – financial distress

City of Grand Junction

Information previously requested by the Board had been included in the packet. Mr. Moss moved to accept the information, with additional concerns related to the proposed increases, farmers getting water, budgets and debt management. Staff is to inquire regarding the additional concerns. Additional information is to be presented at the July 2013 meeting. Mr. Bolton seconded the motion which was adopted unanimously.

Water Loss –

City of Lenoir City

The City of Lenoir City had been reported to the Board for having excessive water loss of 37.697%. Mr. Moss voted to accept the information provided by the City and require annual status reports in conjunction with the audits. He also requested a copy of the leak detection program and assurance, within 90 days that the unwritten policies are put in writing. Mr. Wiggins seconded the motion, which carried unanimously.

City of Watertown

Information had been submitted by the City of Watertown regarding the excessive water loss of 48.69%. Mr. Bolton moved to accept the information submitted and required annual status reports. Mr. Heidel seconded the motion. Motion carried unanimously.

Status report – water loss

Town of Decaturville

A status report was presented for the Town of Decaturville. No action was taken by the Board.

Miscellaneous items -

Town of Whiteville

Staff to the Board had been informed that the Town of Whiteville, as a result of public outcry, had changed its rates after the changes had been endorsed by the Water and Wastewater Financing Board. Since the changes had not been approved by the Board, Town officials had been required to appear at this meeting. They did not appear. Mr. Moss moved to notify officials, by the strongest method possible, that they are to appear at the March 14, 2013, Board meeting – unless certification is received by Board staff that the endorsed rates had not been changed. Mr. Bolton seconded the motion and amended it to reflect that legal staff is to determine the proper method to issue a subpoena if officials fail to comply. Mr. Moss agreed to the change. The motion carried unanimously.

City of Whitwell

Due to the purchase of the system by Tennessee American, the City of Whitwell no longer has a water system and therefore is no longer under the jurisdiction of the Board.

Compliance reports

Ms. Welborn stated the following are now in compliance with the law both financially and for water loss: Allardt, Bartlett, Baxter, Bells, Clarksburg, Columbia, Dover, Eastview, Greenfield, Kingsport, LaVergne, McLemoresville, Rives, and Scotts Hill. Mr. Moss requested to go on record that he was not convinced the City of Bartlett had actual water loss of only 2.48%.

Jurisdiction List

Ms. Welborn stated that the Board package included a schedule identifying all systems which were currently under the Board's jurisdiction. A separate sheet was included for the systems dealing with excessive water loss.

Proposed members of the water loss subcommittee have not been contacted for participation. Mr. Wiggins asked if the members could be reimbursed for travel. Ms. Butterworth stated that it would be questionable since the members are not appointed by the Governor, as are the members of the Board. Ms. Welborn planned to contact potential members soon and will verify the travel situation. She stated that she had hoped the members could meet via conference calls in order to avoid travel costs.

Future Meetings

The next regular meeting was scheduled for March 14, 2013, at 10:00 AM in the Legislative Plaza.

Motion and seconded to adjourn. Motion carried unanimously. Meeting was adjourned at 12:10 p. m.

Respectfully submitted,

Ann Butterworth
Chairperson

Joyce Welborn
Board Coordinator

WATER AND WASTEWATER FINANCING BOARD
Case Study

Case: City of Kenton, Gibson and Obion Counties
Mayor: Virginia Davidson
Customers: 590 water, 577 sewer
Water loss: 46.4%

The City of Kenton has been experiencing a negative change in net assets for two consecutive years in its water and sewer system as well as excessive water loss for three consecutive years according to the information contained in audited financial statements.

A rate and financial history is attached.

All customer meters in the system were replaced in July 2010. Until March 2012, there were no meters in the water treatment plant. City officials believe that the problem with excessive water loss is more of an accountability problem than an actual loss. The “accounting” of the water is being more closely watched. As of December 2012, the losses had been in the 20% range for several months.

A long time water certified operator was replaced early in 2012. Apparently that operator did not make the necessary repairs for many years. Since his departure, a great deal of money has been spent to make repairs and improvements. Because the City has had to “borrow” certified operators from the City of Dyer while current staff passes certification tests, the expenses have increased. Those expenses will eventually be eliminated as City staff members achieve certification.

Once the issues related to the water loss accountability are resolved and certain expenses are eliminated, the City believes it will be in compliance with state law, both in financial areas and water loss.

There are some issues with customers regarding the abuse of the sewer system. Staff suggested that the City review its sewer use ordinance and require compliance by the customers creating the problems.

Staff recommends the board endorse the actions of the City of Kenton. The City will remain under the jurisdiction of the Board until an audit is received that reflects compliance.

**CITY OF KENTON
HISTORY FILE**

	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
FYE 6/30	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Water/sewer rev	\$ 221,959	\$ 207,979	\$ 206,058	\$ 210,962	\$ 247,138	\$ 249,114	\$ 295,071	\$ 268,104	\$ 255,516	\$ 248,853
Other revenues	\$ 37,776	\$ 20,374	\$ 20,558	\$ 19,026	\$ 22,844	\$ 23,132	\$ 33,664	\$ 30,420	\$ 19,463	\$ 25,381
Total revenues	\$ 259,735	\$ 228,353	\$ 226,616	\$ 229,988	\$ 269,982	\$ 272,246	\$ 328,735	\$ 298,524	\$ 274,979	\$ 274,234
Operating expenses	\$ 245,748	\$ 227,819	\$ 240,619	\$ 262,162	\$ 262,997	\$ 261,934	\$ 244,528	\$ 250,727	\$ 257,538	\$ 246,854
Difference	\$ 13,987	\$ 534	\$ (14,003)	\$ (32,174)	\$ 6,985	\$ 10,312	\$ 84,207	\$ 47,797	\$ 17,441	\$ 27,380
Interest Expense	\$ 46,714	\$ 45,378	\$ 42,434	\$ 41,540	\$ 39,266	\$ 38,095	\$ 37,774	\$ 35,458	\$ 33,024	\$ 30,592
Change in net assets	\$ (32,727)	\$ (44,844)	\$ (56,437)	\$ (73,714)	\$ (32,281)	\$ (27,783)	\$ 46,433	\$ 12,339	\$ (15,583)	\$ (3,212)
<u>Supplemental Information</u>										
Principal payment	\$ 27,779	\$ 31,158	\$ 32,983	\$ 32,384	\$ 36,464	\$ 39,451			\$ 48,786	\$ 41,554
Depreciation	\$ 99,768	\$ 94,185	\$ 117,040	\$ 103,244	\$ 81,570	\$ 80,730	\$ 83,153	\$ 75,513	\$ 72,822	\$ 76,930
Water loss								48.17%	48.80%	46.40%
Water Rates	\$ 9.10	\$ 9.10								\$ 13.36
Residential First 2,000 gallons	\$ 2.24	\$ 2.24								\$ 3.36
Over 2,000 gallons	\$ 13.20	\$ 13.20								
Commerical First 2,000 gallons	\$ 2.65	\$ 2.65								\$ 19.80
Over 2,000 gallons	\$ 300.00	\$ 300.00								\$ 3.00
Industrial First 2,000 gallons	\$ 2.65	\$ 2.65								\$ 225.00
Over 2,000 gallons	631	625								3.97
Water and Sewer Customers										
Sewer Rates										
Residential First 2,000 gallons	\$ 5.40	\$ 5.40								\$ 8.10
Over 2,000 gallons	\$ 1.06	\$ 1.06								\$ 1.60
Commerical First 2,000 gallons	\$ 8.80	\$ 8.80								\$ 13.20
Over 2,000 gallons	\$ 1.35	\$ 1.35								\$ 2.03
Lt. Industrial First 2,000 gallons	\$ 200.00	\$ 200.00								\$ 150.00
Over 2,000 gallons	\$ 1.35	\$ 1.35								\$ 2.03
Heavy Industrial First 2,000 gallons										\$ 450.00
Over 2,000 gallons										\$ 2.03

CITY OF KENTON, TENNESSEE
SCHEDULE OF UNACCOUNTED FOR WATER - Unaudited
 June 30, 2011

(All amounts in gallons)

Water treated and purchased:		
Water pumped (potable)	59,383,000	
Water purchased	0	
Total water treated and purchased		59,383,000
 Accounted for water:		
Water sold	31,405,000	
Metered for Consumption	0	
Fire Department(s) Usage	0	
Flushing	424,000	
Tank Cleaning/Filling	0	
Street Cleaning	0	
Bulk Sales	0	
Water Bill Adjustments / plus or (minus)	0	
Total accounted for water		31,829,000
Unaccounted for water		27,554,000
Percent unaccounted for water		46.400%

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 independent auditor's report.

VIRGINIA DAVIDSON, MAYOR
CHARLES CROUSON, CITY JUDGE
CAMELIA CUNNINGHAM, RECORDER

CITY OF KENTON

KENTON, TENNESSEE 38233

(731) 749-5767

FAX: (731) 749-5885

ALDERPERSONS:
DELORES AGEE
ANGIE CHOATE
TIM JOHNS
FAYE SHARP
WADE SIMPSON
SARAH SKINNER

City of Kenton
108 North Poplar St.
Kenton, TN 38233
February 7, 2013

FEB 12 2013

Joyce Welborn
Board Coordinator
State of Tennessee
Water and Wastewater Financing Board
505 Deadrick St., Suite 1500
Nashville, TN 37243

Dear Joyce Welborn:

We have reviewed the check list for addressing water loss. We have answered all of the questions to the best of our ability and have taken some of the items and will begin to work on issues that we have seen through reviewing this check list. We feel confident that through this process we will soon begin to see a drastic improvement in our loss ratios.

We have enclosed a completed copy of the Initial Check List for Addressing Water Loss. If you have any questions or concerns on any of our answers to these questions please feel free to contact me at (731)749-5800 or cityofkenton@ken-tennwireless.com.

Sincerely,

Virginia Davidson
Virginia Davidson
Mayor

Enclosures

Initial Check List for Addressing Water Loss

1. Are you billing for all general government water use? Examples: City Hall, Parks, Community Centers, etc.
A. Yes, we have installed meters at all city owned and operated buildings and facilities. All meters on these buildings/facilities are read monthly and billed accordingly.
2. Are you accounting for the water used by the water and/or sewer department?
A. Yes, all water used in house at the water treatment plant is metered as well as any water used for the purpose of filling up our sewer cleaning machine.
3. Do you periodically check or inspect all 2" and larger meters?
A. All 2" and larger meters are read each month. The 2" and larger meters are to be inspected and tested as the water meter policy states.
4. Do you have a recalibration policy and procedure in place?
A. We do not have a recalibration policy or procedure in place, but, the water meter policy covers the steps in which we take when testing meters, at which time replacement or recalibration would be performed.
5. Do you have a meter replacement policy? Is the trigger based on age(length of time in service) or on gallons?
A. As with recalibration, replacement is covered in our water meter policy. The triggers are on gallons for small meters and age for 2" and larger meters.
6. Do you have a process to inspect for unauthorized consumption? What are the consequences if unauthorized consumption is discovered?
A. Our process for inspecting for unauthorized access stems from when we read our meters monthly, even on services that are cut-off for any reason. We also will check on accounts cut-off for non payment after we cut the services to that property off to ensure that the customer has not attempted to restore his/her service illegally. If unauthorized access is discovered we notify the police department and the customer can be charged with theft of services in compliance with state law.
7. Do you have a leak detection program currently in place?
A. We do not have a formal written program for leak detection. Currently the public works and water departments look for any showing leaks as they are out in the city performing their regular duties.
8. Do you have written policies, including a policy for billing adjustments? Are the written policies followed correctly by all levels of staff?

Initial Check List for Addressing Water Loss

- A. We do have policies for billing adjustments. The clerks will adjust a bill one time if the customer was to have a bad leak, this allows for the customer to get the leak fixed. If swimming pools are filled then the sewer is adjusted off of the bill.**
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.
- A. We do have a volunteer fire department. They have a hydrant meter in which they use when filling trucks with water**
10. Is your system "zoned" to isolate water loss?
- A. Our system is not zoned to isolate water loss. Our is zoned for sampling but due to the design of the system it is difficult to zone it for the isolation of water loss.**
11. Do you search for leaks at night when there is little or no traffic or small household usage?
- A. No, we do not do any leak detection at night.**
12. Do you, or can you control pressure surges?
- A. We can only control pressure surges from when the water treatment plants high service pumps come on. We have installed soft start motor starters to control the pressure surge of the pumps when they start up.**
13. Do you have or have access to leak detection equipment?
- A. No, we do not have or have any access to leak detection equipment, but there are companies in which we could contract with that specialize in leak detection.**
14. What is your policy for notifying customers they have a leak?
- A. When the meters are read if a meter is out of line they have a door hanger that tells them that they may have leak. If a high reading is found in the office and not while reading the meters then the clerks contact the customer to inform them of a possible leak.**
15. Do you have a public relations program to encourage citizens to report leaks?
- A. We have hand-outs telling them of ways to save water and to report any leaks.**
16. Do you have a policy to prosecute water theft or meter tampering/damage?
- A. Yes, we have a policy if in the event of loss or damage to city property arising from neglect of a customer to care for city property, that the cost of necessary repair or replacement shall be paid by the customer. Also, we do have a policy to prosecute anyone guilty of theft of water.**

Initial Check List for Addressing Water Loss

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

A. The cost of every 2000 gallons lost is \$13.66, therefor putting that cost onto the city as lost revenue.

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

A. Yes, because if it was left leaking and not fixed it would be a continuous source of water loss resulting in lost revenue for the city.

AWWA WLCC Free Water Audit Software: Reporting Worksheet

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WAS v4.2

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[Click to access definition](#)

Water Audit Report for:
 Reporting Year:

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:	?	1	59.383	Million gallons (US)/yr (MG/Yr)
Master meter error adjustment (enter positive value):	?	n/a	0.000	MG/Yr
Water imported:	?	n/a	0.000	MG/Yr
Water exported:	?	n/a	0.000	MG/Yr
WATER SUPPLIED:			59.383	MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	?	1	31.405	MG/Yr
Billed unmetered:	?	5	0.000	MG/Yr
Unbilled metered:	?	7	0.424	MG/Yr
Unbilled unmetered:	?		0.742	MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

Click here:
for help using option buttons below

Pcmt: Value:

Use buttons to select percentage of water supplied OR value

AUTHORIZED CONSUMPTION: MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

MG/Yr

Apparent Losses

Unauthorized consumption: MG/Yr
 Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Pcmt: Value:

Customer metering inaccuracies: MG/Yr
 Systematic data handling errors: MG/Yr

Value:

Apparent Losses:

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:	?	4	15.4	miles
Number of active AND inactive service connections:	?	7	716	
Connection density:			46	conn./mile main
Average length of customer service line:	?	10	0.0	ft (pipe length between curbstop and customer meter or property boundary)
Average operating pressure:	?	2	48.0	psi

COST DATA

Total annual cost of operating water system:	?	10	\$60,107	\$/Year
Customer retail unit cost (applied to Apparent Losses):	?	8	\$3.44	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	?	4	\$1.01	\$/Million gallons

PERFORMANCE INDICATORS

Financial Indicators

Non-revenue water as percent by volume of Water Supplied:	47.1%
Non-revenue water as percent by cost of operating system:	24.7%
Annual cost of Apparent Losses:	\$14,850
Annual cost of Real Losses:	\$23

Operational Efficiency Indicators

Apparent Losses per service connection per day:	16.52	gallons/connection/day
Real Losses per service connection per day*:	86.08	gallons/connection/day
Real Losses per length of main per day*:	N/A	
Real Losses per service connection per day per psi pressure:	1.79	gallons/connection/day/psi

Unavoidable Annual Real Losses (UARL):

*** UARL cannot be calculated as either average pressure, number of connections or length of mains is too small: SEE UARL DEFINITION ***

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: 41 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: Billed metered

3: Customer metering inaccuracies

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

AWWA WLCC Free Water Audit Software: Reporting Worksheet

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WAS v4.2

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Water Audit Report for: **City Of Kenton**
 Reporting Year: **2011** / **7/2011 - 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

WATER SUPPLIED

<< Enter grading in column 'E'

Volume from own sources:	?	1	49.541	Million gallons (US)/yr (MG/Yr)
Master meter error adjustment (enter positive value):	?	n/a	0.000	
Water imported:	?	n/a	0.000	MG/Yr
Water exported:	?	n/a	0.000	MG/Yr
WATER SUPPLIED:			49.541	MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	?	1	29.941	MG/Yr
Billed unmetered:	?	5	0.000	MG/Yr
Unbilled metered:	?	7	0.524	MG/Yr
Unbilled unmetered:	?		0.619	MG/Yr
Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed				
AUTHORIZED CONSUMPTION:			31.084	MG/Yr

Click here: for help using option buttons below

Pcnt: 1.25% Value:

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption)

18.457 MG/Yr

Apparent Losses

Unauthorized consumption:	?		0.124	MG/Yr
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed				
Customer metering inaccuracies:	?	4	0.942	MG/Yr
Systematic data handling errors:	?	4	3.339	MG/Yr
Apparent Losses:			4.405	

Pcnt: 0.25% Value:

3.00% 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: 14.052 MG/Yr

WATER LOSSES: 18.457 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 19.600 MG/Yr

= Total Water Loss + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	?	4	15.4	miles
Number of active AND inactive service connections:	?	7	716	
Connection density:			46	conn./mile main
Average length of customer service line:	?	10	0.0	ft
<small>(pipe length between curbstop and customer meter or property boundary)</small>				
Average operating pressure:	?	2	48.0	psi

COST DATA

Total annual cost of operating water system:	?	10	\$50,603	\$/Year
Customer retail unit cost (applied to Apparent Losses):	?	8	\$3.44	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	?	4	\$1.02	\$/Million gallons

PERFORMANCE INDICATORS

Financial Indicators

Non-revenue water as percent by volume of Water Supplied:	39.6%
Non-revenue water as percent by cost of operating system:	30.0%
Annual cost of Apparent Losses:	\$15,153
Annual cost of Real Losses:	\$14

Operational Efficiency Indicators

Apparent Losses per service connection per day:	16.86	gallons/connection/day
Real Losses per service connection per day*:	53.77	gallons/connection/day
Real Losses per length of main per day*:	N/A	
Real Losses per service connection per day per psi pressure:	1.12	gallons/connection/day/psi

Unavoidable Annual Real Losses (UARL): **Not Valid**

*** UARL cannot be calculated as either average pressure, number of connections or length of mains is too small: SEE UARL DEFINITION ***

From Above, Real Losses = Current Annual Real Losses (CARL): 14.05

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: 41 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: Billed metered
- 3: Customer metering inaccuracies

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

WATER AND WASTEWATER FINANCING BOARD
Case Study

Case: City of Friendship, Crockett County
Mayor: Casey Burnett
Customers: 363 water; 379 sewer
Water loss: 16.37%

The City of Friendship has been reported to the Board as having a negative change in net assets for at least eight years in its water system according to the information contained in audited financial statements. Without the receipt of grant funds, the sewer system would have a negative change in net assets for five consecutive years.

A financial and rate history is attached.

All customers of the system pay the same water rates. The rates increased during FY 09 as follows:

	<u>Old rates</u>	<u>New rates</u>
0 – 3,000 gallons	\$17.50	\$19.50
Over 3,000 gallons	\$ 4.00	\$ 4.00

Average bill of 5,000 gallons increased by approximately 7.8%.

Effective with the September 2012 billing, the per thousand gallon rate increased to \$5.00. In July 2013, the maximum sewer charge will increase from \$29.50 to \$39.50.

Staff suggested that the minimum usage be lowered to 2,000 gallons, but the Mayor wants to use that as a last resort if the Council refuses a rate increase. There was no water or sewer rate increase for a couple of years in which the social security recipients did not receive a cost of living increase.

Staff also suggested that MTAS be contacted for a rate study, but the Mayor believes that it can be done “in-house.”

Except for lines in the middle of town, the water pipes are relatively new. With the exception of approximately 20 businesses, the customers are residential. However, the meters are close to 20 years old and there is no written meter replacement policy.

The discharge point for the sewer system is permitted for extremely low limits, resulting in high operating expenses. Chemical costs for dechlorination are approximately \$1,000 per month. A \$388,000 Community Development Block Grant was applied for in February 2013 to switch to an ultra violet sewer treatment in order to lower the costs. The City also has a written agreement with the City of Dyersburg to take the sewer

discharge, but the cost for the pipe to transport to Dyersburg is approximately \$1,700,000.

The Public Works Director is sampling water meters routinely for accuracy and replacing old meters routinely to ensure that the customers are being billed for the correct amount of usage – especially family dwellings and large consumption users. Data entry personnel also watch for changes or discrepancies in usage.

All water is purchased from the Friendship Water Company under a long term contract signed in 1989. In addition to the minimum charge of \$2,696 per month, the rates paid are based on the amount of water purchased annually as follows:

Up to 32.4 million gallons	\$1.62 per thousand gallons
32.4 million to 36 million gallons	\$1.47 per thousand gallons
Over 36 million gallons	\$1.25 per thousand gallons

The contract is also tied to the consumer price index and the per thousand gallon rate increases accordingly.

The staff recommends that the board require the City to contact MTAS about a rate study, adopt and implement a meter replacement policy, implement rate increases or expense reductions to be in compliance by June 30, 2015.

The City will remain under the jurisdiction of the Board until an audit is received which reflects compliance.

**CITY OF FRIENDSHIP
HISTORY FILE - WATER**

	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
Fiscal Year ended 6/30	2004	2005	2006	2007	2008	2009	2010	2011	2012
Water revenues	\$ 108,758	\$ 110,710	\$ 114,699	\$ 121,000	\$ 120,914	\$ 116,813	\$ 111,200	\$ 124,119	\$ 123,055
Other revenues	\$ 1,971	\$ 475	\$ 1,726	\$ 1,153	\$ 977	\$ 391	\$ 323	\$ 673	\$ 1,703
Total Revenues	\$ 110,729	\$ 111,185	\$ 116,425	\$ 122,153	\$ 121,891	\$ 117,204	\$ 111,523	\$ 124,792	\$ 124,758
Total Expenses	\$ 118,099	\$ 114,996	\$ 120,845	\$ 107,208	\$ 124,113	\$ 120,571	\$ 120,001	\$ 158,417	\$ 158,545
Revene vs. Expenses	\$ (7,370)	\$ (3,811)	\$ (4,420)	\$ 14,945	\$ (2,222)	\$ (3,367)	\$ (8,478)	\$ (33,625)	\$ (33,787)
Interest Expense	\$ 15,206	\$ 12,586	\$ 10,090	\$ 8,783	\$ 9,692	\$ 8,399	\$ 6,074	\$ 5,813	\$ 3,677
Transfers out			\$ (4,000)	\$ (7,586)	\$ (3,000)				
Change in Net Assets	\$ (22,576)	\$ (16,397)	\$ (18,510)	\$ (1,424)	\$ (14,914)	\$ (11,766)	\$ (14,552)	\$ (39,438)	\$ (37,464)
<u>Supplemental Information</u>									
Principal payment	\$35,004	\$31,604	\$32,083	\$32,094	\$22,149	\$16,126	\$32,033	\$33,688	\$18,750
Depreciation	\$ 18,582	\$ 32,092	\$ 32,092	\$ 31,426	\$ 31,292	\$ 31,292	\$ 31,292	\$ 31,292	\$ 31,084
Water Rates									
First 3,000 gallons	\$ 15.00	\$ 17.50	\$ 17.50	\$ 17.50	\$ 17.50	\$ 19.50	\$ 19.50	\$ 19.50	\$ 19.50
Over 3,000 gallons	\$ 3.50	\$ 3.50	\$ 3.50	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Customers	330	345	336	348	345	359	354	367	363
Water Loss					28.974%	32.203%	32.613%	33.034%	16.370%

WATER AND WASTEWATER FINANCING BOARD
Case Study

Case: Town of Hornbeak, Obion County
Mayor: Dennis Dozier
Customers: 145 sewer

The Town of Hornbeak has been experiencing a negative change in net assets in its relatively new sewer system for two consecutive fiscal years according to the information contained in audited financial statements.

The financial and rate history is attached.

The collection system within the Town is transmitted six miles to the collection system of the Reelfoot Lake Regional Utility and Planning District (RLRUPD), which transmits it to the Town of Tiptonville for treatment. Hornbeak Utility District furnishes water to the residents and provides its water meter readings for the sewer bills prepared by the Town.

The last phase of the system, adding 43 customers, is scheduled to be complete July 9, 2013. Construction is to begin March 11. The projected rates of the system at project completion will be \$26.00 for the first 2,000 gallons and \$9.25 per thousand over 2,000.

Future plans include development along the six mile line connecting the Town to the District to add approximately 80 more customers.

The RLRUPD increased its rates to the Town by 15% in April 2013. The Town is asking the Board to delay any implementation of the rates on the attached sheet until approximately July 2013 when the project is complete. The Town is also asking the Board to allow the rate implementation to be gradual with the condition that the Town will be in compliance by June 30, 2016.

Staff recommends the Board endorse the actions and requests of the Town of Hornbeak. The Town will remain under the oversight of the Board until an audit is received which reflects compliance with state law.

TOWN OF HORNBEAK HISTORY FILE				
	Audited	Audited	Audited	Audited
Fiscal Year ending June 30	2009	2010	2011	2012
Sewer revenues	\$ 38,933	\$ 44,375	\$ 44,319	\$ 44,270
Other revenues	\$ 580	\$ 845	\$ 973	\$ -
Grant proceeds				\$ 18,246
Total Revenues	\$ 39,513	\$ 45,220	\$ 45,292	\$ 62,516
Total Operating Expenses	\$ 68,238	\$ 67,748	\$ 76,663	\$ 66,481
Operating Income	\$ (28,725)	\$ (22,528)	\$ (31,371)	\$ (3,965)
Interest Expense	\$ 5,599	\$ 6,568	\$ 6,483	\$ 6,395
General Fund Transfer	0	0	\$ 6,040	
Grant revenue	\$ 472,789	\$ 6,700		
Change in net assets	\$ 438,465	\$ (22,396)	\$ (31,814)	\$ (10,360)
<u>Supplemental Information</u>				
Depreciation	\$ 32,247	\$ 32,508	\$ 32,508	\$ 31,139
Principal payment	\$ 1,587	\$ 1,964	\$ 2,048	\$ 2,136
<u>Sewer rates</u>				
First 2,000 gallons	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00
Over 2,000 gallons	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
customers				130



PO BOX 265
HORNBEAK, TN 3823

Phone: (731) 538-9626
Fax: (731) 538-9626

Dennis Dozier, Mayor

02/20/2013

Joyce Welborn
Legislative Auditor
Division of Local Government Audit
Suite 1500, James K. Polk Building
505 Deadrick Street
Nashville, Tennessee 37243-1402

FEB 26 2013

Dear Joyce Welborn:

As stated in our meeting at Hornbeak City Hall, I am writing this request to ask for an extension of our present rate structure.

The Town has accepted a bid from Revell Construction Co, Union City Tn. As their bid was the lowest of two bids submitted. At present time a pre construction, contract signing scheduled for Feb. 26, 2013 at 2 p.m.

We have heard that Reelfoot Lake Regional utility & Planning District will be raising our rate by 15% as well. I will attach the rate by which our customers will be charged at the completion of Phase 3.

We ask kindly for a extension until the work is completed before a rate increase to fund depreciation as well as pay expenses for the whole operation is implemented. This will be a shock for the town.

Thank you for your kind consideration.

Dennis W. Dozier

Hornbeak Mayor

SEWER RATE CHART TOWN OF HORNBEAK

Minimum usage 2000 gallons = \$26.00 + \$9.25 per 1000 gallons thereafter

Gallons	Customers	Month Rate	Month Usage
2000	75	1875.00	150,000
3000	43	1515.75	129,000
4000	29	1290.50	116,000
5000	20	1075.00	100,000
6000	13	814.00	78,000
7000	5	361.25	35,000
	185	6936.50	608,000

Residential Customers 6936.50 per month X 12 months = 83238

Commercial Customers

18000	2	\$352.00	36,000 gallons
School	1	\$1,300.00	198,000 gallons

Subtotal	3	\$1,652.00	234,000 gallons
+	185	\$6,936.50	608,000 gallons
Total	188	\$8,588.50	842,000 gallons

8588.50 x 12 months = \$103,062.00

Less Expense = \$102,972.00

Balance \$90.00

EXPENSES TO OPERATE HORNBEAK SEWER SYSTEM

INSURANCE		\$300.00
UTILITES		\$990.00
BILLING COST		\$743.00
UTILITES FE es (Effluent Receiver)		\$24,903.00
MAINT. PARTS		\$8,364.00
OFFICE SUPPLIES		\$118.00
DEPRECIATION	32,508 + 15,275 =	\$47,783.00
CONTRACT LABOR		\$5,520.00
LEGAL & ACCOUNTING		2,767.00
LOAN SERVICE	8532.00 + 2952.00	\$11,484.00
TOTAL YEARLY EXPENSE		\$102,972.00

WATER AND WASTEWATER FINANCING BOARD
Case Study

Case: City of Henry, Henry County
Mayor: Joe Qualls
Customers: 220 water and 223 sewer
Water loss: 23.553%

The City of Henry has been experiencing a negative change in net assets for two consecutive years in its water and sewer system according to the information contained in audited financial statements.

A rate and financial history is attached.

The sewer project started in 2002 at a cost projected to be \$2,000,000. However there were issues with contractors, engineers and lawsuits. The City lost one lawsuit based on the previous Mayor's breach of contract - the result judgement being \$500,000, including attorney fees and interest. The total project costs now are approaching \$4,000,000.

The water fund also has a debt to the General Fund that is being repaid at \$11,111 annually until July 8, 2013.

A meter replacement policy is basically to replace them when they stop functioning.

The Mayor stated that the City thought it had a seven year growth period prior to recognizing depreciation. That exemption was eliminated in 2009.

At the recommendation of staff, the City contracted with MTAS to prepare a rate study for the City.

The staff recommends that the board endorse the rate increases as suggested in the MTAS rate study of 10% in water effective May 1, 2013, 40% in sewer effective May 1, 2013, and 30% in sewer effective July 1, 2014. The City will remain under the jurisdiction of the Board until an audit is received that reflects compliance.

CITY OF HENRY HISTORY FILE			
	Audited	Audited	Audited
fiscal year ended 6/30	2009	2010	2011
Water revenues	\$ 255,118	\$ 204,883	\$ 213,861
Other revenues	\$ 16,503	\$ 1,464	\$ 1,802
Total Operating Revenues	\$ 271,621	\$ 206,347	\$ 215,663
Total Operating Expenses	\$ 160,160	\$ 369,153	\$ 197,377
Operating Income	\$ 111,461	\$ (162,806)	\$ 18,286
Interest Expense	\$ 56,794	\$ 66,815	\$ 56,014
Contributions from other gov'ts	\$ 689,275		
change in net assets	\$ 743,942	\$ (229,621)	\$ (37,728)
<u>Supplemental Information</u>			
Principal payment	\$ 18,618	\$ 23,840	\$ 20,434
Depreciation	\$ 36,374	\$ 98,464	\$ 98,464
<u>Water Rates</u>			
<u>Inside - residential</u>			
First 2,000 gallons	\$ 25.40	\$ 25.40	\$ 25.40
Over 2,000 gallons	\$ 3.41	\$ 3.41	\$ 3.41
<u>Outside residential</u>			
First 2,000 gallons	\$ 31.50	\$ 31.50	\$ 31.50
Over 2,000 gallons	\$ 3.67	\$ 3.67	\$ 3.67
<u>Inside - commercial</u>			
First 2,000 gallons	\$ 29.30	\$ 29.30	\$ 29.30
Over 2,000 gallons	\$ 4.39	\$ 4.39	\$ 4.39
<u>Outside - commercial</u>			
First 2,000 gallons	\$ 31.50	\$ 31.50	\$ 31.50
Over 2,000 gallons	\$ 4.72	\$ 4.72	\$ 4.72
<u>Sewer Rates</u>			
<u>with water</u>			
Base	\$ 29.00	\$ 29.00	\$ 29.00
per 1,000 gallons	\$ 2.50	\$ 2.50	\$ 2.50
<u>w/o water</u>			
Flat rate	\$ 45.00	\$ 45.00	\$ 45.00
Water customers	219	219	220
Sewer customers	222	222	223
Water loss	13.739%	16.417%	23.553%

Town of Henry, Water and Wastewater Review February 26, 2013

The Town of Henry has been placed under the authority of the Water and Wastewater Financing Board for consecutive negative changes in the Net Assets of the Utility as reported on the Town of Henry's annual audits. Excerpts from the Tennessee Code Annotated concerning the Water and Wastewater Financing Board and state laws concerning water and sewer finances are attached at the end of this review.

The information used in this review, was obtained from the Town of Henry and their published audits. If any of the data or assumptions used in the review are inaccurate or do not occur, than the review will not give an accurate estimation. This review is an estimate based upon the information available at this time. With any rate increase the customers will initially reduce use, so additional rate increases may be necessary.

MTAS used the following assumptions or facts in the review:

- The Town of Henry had a negative change in Net Assets on the 2010 and 2011 audit.
- The 2012 audit is not available yet, but it appears that 2012 will have a negative change in Net Assets.
- Henry passed a rate increase for water and wastewater rates effective June 25, 2012 which appear to have increased the revenue. MTAS used a conservative approach in forecasting the total revenue generated in 2013 due to this rate increase. But actual revenue generated in 2013 may vary considerably from the projection.
- MTAS used an annual increase in expenses of 1% per year through 2016.
- MTAS used an annual growth in revenue of 0.5% per year through 2016.
- The Town of Henry does not anticipate any new capital projects in water or wastewater through 2016.
- The Town of Henry has completed major capital projects in the wastewater system. This has added over \$60,000 in new depreciation.
- Expenses are not separated into water or wastewater accounts.
- Henry has quite a few vacant houses, lots and buildings which have taps.
- Henry has 295 water taps with 25 of the taps outside the city limits. Only 203 of the taps are being billed.
- Henry has 262 wastewater taps. None are outside the city. Only 189 of the taps are being billed. Of the sewer taps 18 are on wells and 1 is a commercial property.
- The payment to the attorney of \$18,000 per year ends in fiscal year 2015.
- The payment of \$15,000 per year for ten years to Claunch Construction begins in 2014.

- The town has the first two years payment set aside at the current time.
- The repayment to the general fund of \$12,000 per year ends this fiscal year.
- A water tap is \$600.00.
- A wastewater tap is \$3,000.00.

Example A: This spreadsheet shows audit information for 2010 and 2011, preliminary information for 2012 and 2013 with projections through 2016. There is no rate change on this spreadsheet. The assumptions and facts listed above are incorporated into the spreadsheet. At the bottom of the sheet is "Change in Net Assets". For the fiscal years 2010 through 2016, this total is negative.

Example B: This spreadsheet has all of the information in Example A with the addition of some increases in both water and wastewater rates. A rate increase in water rates of 10% effective May 1, 2013 and two rate increases in wastewater. The first wastewater rate increase is 40% effective May 1, 2013 and a second wastewater rate increase of 30% effective July 1, 2014. These combined increases have the potential to produce a positive change in net assets in 2016.

Example C: This spreadsheet shows cash flow for Examples A and B, as it relates to principle payments by the utility department.

Example D: This spreadsheet has the current rate structure along with the proposed new rates as illustrated in Example B.

MTAS suggestions:

- It appears that the Town of Henry must raise water /wastewater rates and try to reduce expenses to comply with state law and the Water and Wastewater Financing Board.
- All rates and fees should be reviewed by city staff on an annual basis.
- The Town of Henry may want to consider adopting an annual cost of living adjustment for rates and fees effective July 1 of every year. The percentage adjustment could be in accordance with the Consumer Price Index for the South East as determined by the U.S. Department of Labor.
- The Town of Henry may want to adopt a more detailed accounting format to separate water and wastewater expenses.

MTAS is very concerned about the future affordability of the water and wastewater services in Henry. If Henry adopts the proposed rates as shown in Example B, a customer in 2014 who only uses the base bill with 2,000 gallons will pay \$93.14 for water and wastewater services. A family which would use 5,000 gallons would have a monthly bill of \$118.04.

City of Henry

2013

no rate change

Example A

Year ending June 30,	Audit 2010	Audit 2011	Pre 2012	Pre 2013	Proj 2014	Proj 2015	Proj 2016
Operating Revenues							
charges for services	204,883	213,861					
metered water sales			105,179	139,112	139,807	140,506	141,209
penalties			984	1,000	1,005	1,010	1,015
water tap fees			1,200	800			
sewer use fees			98,159	108,600	109,143	109,689	110,237
sewer tap fees			6,000	3,000			
connection fee non-refundable			5,100	2,025			
other operating revenues	1,445	1,786					
Total Operating Revenues	206,328	215,647	216,622	254,537	249,955	251,205	252,461
Operating Expenses							
operating Expenses	369,153	197,377					
salaries			26,948	40,422	40,826	41,234	41,647
payroll taxes			2,115	3,172	3,204	3,236	3,268
advertising			56	100	100	100	100
chemical supplies			6,630	6,778	6,846	6,914	6,983
system maintenance and supplies			13,381	45,286	45,739	46,196	46,658
service truck fuel			2,948	4,802	4,850	4,899	4,948
utilities			5,422	6,210	6,272	6,335	6,398
telephone			259	334	337	341	344
right of way leases			1,491	3,046	3,076	3,107	3,138
dues and subscriptions			1,830	2,460	2,485	2,509	2,535
postage			859	800	808	816	824
training and travel			39	100	100	100	100
office supplies			370	1,288	1,301	1,314	1,327
laboratory fees			634	804	812	820	828
clothing allowance			142	150	150	150	150
misc. expense			76	24	24	24	25
cell phone			720	822	830	839	847
employee insurance			4,191	6,286	6,349	6,412	6,476
accounting services			145	422	426	430	435
vehicle maintenance and supplies			789	1,370	1,384	1,398	1,412
tank inspection				8,750	8,750	8,750	8,750
liability and property insurance			9,100	12,700	12,827	12,955	13,085
Depreciation (Water)			37,000	37,000	37,000	37,000	37,000
Depreciation (Wastewater)				61,464	61,464	61,464	61,464
audit expense			5,550	2,050	2,071	2,091	2,112
Legal services			21,244	25,000	25,250	25,503	
payment to Claunch construction						15,000	15,000
contract labor			8,186	7,020	7,090	7,161	7,233
water operator				4,560	4,560	4,560	4,560
general fund repayment			12,120	12,000	12,000		
Total Operating Expenses	369,153	197,377	162,245	295,220	296,931	301,659	277,647
Operating Income (Loss)	(162,825)	18,270	54,377	(40,684)	(46,976)	(50,454)	(25,186)
Non-Operating Revenues (Expenses)							
interest income	19	16					
insurance proceeds				16,502			
interest expense from 2011 audit	(66,815)	(56,014)	(57,419)	(56,555)	(55,651)	(54,706)	(53,855)
Total Non-Operating Revenues (Expenses)	(66,796)	(55,998)	(57,419)	(40,053)	(55,651)	(54,706)	(53,855)
Change in Net Assets	(229,621)	(37,728)	(3,042)	(80,737)	(102,627)	(105,160)	(79,041)

City of Henry

2013

Example B

with rate change

	Audit 2010	Audit 2011	Pre 2012	Pre 2013	Proj 2014	Proj 2015	Proj 2016
Year ending June 30,							
Operating Revenues							
charges for services	204,883	213,861					
metered water sales			105,179	139,112	139,807	140,506	141,209
<i>Rate increase effective May 1, 2013 of 10%</i>				2,335	13,981	14,051	14,121
penalties			984	1,000	1,005	1,010	1,015
water tap fees			1,200	800			
sewer use fees			98,159	108,600	109,143	109,689	110,237
<i>Rate increase effective May 1, 2013 of 40%</i>				7,291	43,657	43,875	44,095
<i>Rate increase effective July 1, 2014 of 30%</i>						46,069	46,300
sewer tap fees			6,000	3,000			
connection fee non-refundable			5,100	2,025			
other operating revenues	1,445	1,786					
Total Operating Revenues	206,328	215,647	216,622	264,162	307,593	355,200	356,976
Operating Expenses							
operating Expenses	369,153	197,377					
salaries			26,948	40,422	40,826	41,234	41,647
payroll taxes			2,115	3,172	3,204	3,236	3,268
advertising			56	100	100	100	100
chemical supplies			6,630	6,778	6,846	6,914	6,983
system maintenance and supplies			13,381	45,286	45,739	46,196	46,658
service truck fuel			2,948	4,802	4,850	4,899	4,948
utilities			5,422	6,210	6,272	6,335	6,398
telephone			259	334	337	341	344
right of way leases			1,491	3,046	3,076	3,107	3,138
dues and subscriptions			1,830	2,460	2,485	2,509	2,535
postage			859	800	808	816	824
training and travel			39	100	100	100	100
office supplies			370	1,288	1,301	1,314	1,327
laboratory fees			634	804	812	820	828
clothing allowance			142	150	152	153	155
misc. expense			76	24	24	24	25
cell phone			720	822	830	839	847
employee insurance			4,191	6,286	6,349	6,412	6,476
accounting services			145	422	426	430	435
vehicle maintenance and supplies			789	1,370	1,384	1,398	1,412
tank inspection				8,750	8,750	8,750	8,750
liability and property insurance			9,100	12,700	12,827	12,955	13,085
Depreciation (Water)			37,000	37,000	37,000	37,000	37,000
Depreciation (Wastewater)				61,464	61,464	61,464	61,464
audit expense			5,550	2,050	2,071	2,091	2,112
Legal services			21,244	25,000	25,250	25,503	
payment to Claunch construction						15,000	15,000
contract labor			8,186	7,020	7,090	7,161	7,233
water operator				4,560	4,560	4,560	4,560
general fund repayment			12,120	12,000	12,000		
Total Operating Expenses	369,153	197,377	162,245	295,220	296,932	301,662	277,651
Operating Income (Loss)	(162,825)	18,270	54,377	(31,058)	10,661	53,538	79,325
Non-Operating Revenues (Expenses)							
interest income		19	16				
insurance proceeds				16,502			
interest expense from 2011 audit	(66,815)	(56,014)	(57,419)	(56,555)	(55,651)	(54,706)	(53,855)
Total Non-Operating Revenues (Expenses)	(66,796)	(55,998)	(57,419)	(40,053)	(55,651)	(54,706)	(53,855)
Change in Net Assets	(229,621)	(37,728)	(3,042)	(71,111)	(44,990)	(1,168)	25,470

City of Henry

2013

cash flow illustrating debt payments

Example C

Example A	Pre	Proj	Proj	Proj
year ending June 30	2013	2014	2015	2016
Change in net assets	(80,737)	(102,627)	(105,160)	(79,041)
<i>add</i>				
Depreciation (Water)	37,000	37,000	37,000	37,000
Depreciation (Wastewater)	61,464	61,464	61,464	61,464
Cash available from operations	17,728	(4,163)	(6,696)	19,423
<i>minus</i>				
principle payments per 2011 audit				
community resource group loan	2,021	2,144	2,273	2,411
USDA loan 92-05	8,987	9,376	9,783	10,207
USDA loan 92-03	5,150	5,380	5,620	5,871
USDA loan 92-07	3,580	3,735	3,897	4,066
Total Payments	19,738	20,635	21,573	22,555
Cash from operations after payments	(2,011)	(24,798)	(28,269)	(3,132)
Example B	Pre	Proj	Proj	Proj
year ending June 30	2013	2014	2015	2016
Change in net assets	(71,111)	(44,990)	(1,168)	25,470
<i>add</i>				
Depreciation (Water)	37,000	37,000	37,000	37,000
Depreciation (Wastewater)	61,464	61,464	61,464	61,464
Cash available from operations	27,353	53,474	97,296	123,934
<i>minus</i>				
principle payments per 2011 audit				
community resource group loan	2,021	2,144	2,273	2,411
USDA loan 92-05	8,987	9,376	9,783	10,207
USDA loan 92-03	5,150	5,380	5,620	5,871
USDA loan 92-07	3,580	3,735	3,897	4,066
Total Payments	19,738	20,635	21,573	22,555
Cash from operations after payments	7,615	32,839	75,723	101,379

City of Henry

2013
rates

Example D

	Current	Proposed Raise 2013	Proposed Raise 2014
Water connected to the sewer			
Residential			
base with 2,000 gallons	\$29.65	\$32.62	no change
each additional 1,000 gallons	\$3.41	\$3.75	no change
Commercial			
base with 2,000 gallons	\$33.55	\$36.91	no change
each additional 1,000 gallons	\$4.39	\$4.83	no change
Water not connected to the sewer			
Residential			
base with 2,000 gallons	\$35.75	\$39.33	no change
each additional 1,000 gallons	\$3.67	\$4.04	no change
Commercial			
base with 2,000 gallons	\$35.75	\$39.33	no change
each additional 1,000 gallons	\$4.72	\$5.19	no change
Sewer connected to water			
Residential			
base with no volumes included	\$33.25	\$46.55	\$60.52
each 1,000 gallons	\$2.50	\$3.50	\$4.55
Commercial			
base with no volumes included	\$33.25	\$46.55	\$60.52
each 1,000 gallons	\$2.50	\$3.50	\$4.55
Sewer connected to water			
Residential			
Flat rate	\$49.25	\$68.95	\$89.64
Commercial			
Flat Rate	\$49.25	\$68.95	\$89.64

Current rates effective June 25, 2012

Aldermen

Cecil Anderson
Linda Lay
David Lowe
Sharon Miller

Town of Oneida

ONEIDA, TENNESSEE 37841

Jack E. Lay, Mayor

P. O. Box 4237

423-569-8300

423-569-4295

FAX 423-569-2990

Gateway to the



Big South Fork

February 27, 2013

*Joyce Welborn
Board Coordinator
Water and Wastewater Financing Board*

Dear Joyce:

To honor the Water and Wastewater Board's request, we have enclosed the Water and Sewer Department's Balance Sheet and Profit and Loss statements for the period of July 1, 2012 thru January 31, 2013. The results show a positive cash flow and a loss of approximately \$ 29,000. This does include a grant receipt of \$ 120,000, which would show an actual loss of \$ 150,000 in the seven month period.

The long time manager of the Water and Sewer Department retired effective January 31, 2013. We are now in the process of evaluating the operations of the department and their internal procedures. We believe there are several opportunities for cost cuts and savings within the Department to achieve profitability when included with the proposed 2% rate increase effective July 1, 2013.

Our plan is, to keep the proposed 2% increase in place unless it is evident that cost cutting measures are not sufficient. We are optimistic that the combination of rate increase and cost cuts will return the Department to profitability in a short period of time.

We have not experienced a significant increase in customers in the past seven months. The future of the hospital is in doubt.

Sincerely,

Jack E. Lay, Mayor

9:22 AM

02/27/13

Accrual Basis

**Oneida Water and Wastewater
Profit & Loss
July 2012 through January 2013**

	<u>TOTAL</u>
9000000 · Motorpool	
9010000 · Grease & Oil	21,927.07
9020000 · Other Fluids	40.62
9050000 · Miscellaneous Hand Tools	194.11
9230002 · Small Ditcher	335.53
9240002 · Big Ditch Witch	179.90
9260002 · Bobcat Loader Repairs	14.08
9320000 · 1995 Chev. Service Truck	693.43
9340000 · 1998 Service Truck Repairs & Ma	87.89
9410000 · 2001 Ford Service Truck Repairs	1,012.17
9420000 · Repairs Service Truck	175.78
9430000 · 2008 Ford F150 #502	804.11
9440000 · 2008 Ford F150 #503	767.77
9450000 · 2008 Ford F150 #504	38.68
9460000 · 2008 Ford F150 #505	39.80
9480000 · 2008 Ford F150 #501	766.90
9490000 · 2008 F550 Service Truck #511	17.44
9500000 · 2008 F350 Dump Truck #508	87.89
9000000 · Motorpool - Other	0.00
Total 9000000 · Motorpool	<u>27,183.17</u>
Total Expense	<u>1,599,024.27</u>
Net Income	<u><u>-29,842.25</u></u>

**Oneida Water and Wastewater
Profit & Loss
July 2012 through January 2013**

	TOTAL
6000000 · Sewer Treatment	
6010000 · Power	46,083.00
6020000 · Chemicals	15,673.11
6030000 · Materials & Supplies	7,801.28
6040000 · Labor	71,651.25
6070000 · Sludge Disposal	4,217.68
6090000 · Equipment	568.52
6100000 · Equipment, Maintenance & Repair	7,508.42
6110000 · State Maintenance Fees	3,480.38
6120000 · Gas-Natural	463.00
6180000 · Mowinf Equip. & Grounds Ca	858.18
6190000 · Lab Testing	3,229.00
6250000 · Unclassified	270.00
Total 6000000 · Sewer Treatment	161,803.82
7000000 · Administration and General	
7010000 · Superintendent Salary	19,527.46
7020000 · Office Salary	44,383.89
7030000 · Telephone	7,481.36
7040001 · Insurance (Casualty, Theft &	39,213.38
7040002 · Employee Insurance	149,609.86
7050000 · Office Supplies	3,197.19
7060000 · Dues & Subscriptions	3,267.34
7070000 · Payroll Tax	29,577.87
7080000 · TN Dept. of Employment Security	173.27
7090000 · Retirement	35,584.77
7120000 · Meter Reading (labor)	9,526.40
7130000 · Collections-Water	9,040.50
7140000 · Meter Reading Supplies	8,743.73
7150000 · Equipment	0.00
7160000 · Postage	3,948.53
7170000 · Administrative Expense	-1,072.28
7170001 · Continuing Education	0.00
7190000 · Office Equip. (Repairs & Maint)	39.00
7200000 · Engineering	7,189.29
7210000 · Communications	879.50
7220000 · Employee Relations	6,474.38
7240000 · Travel	1,287.02
7250000 · Bank Service Charges	844.16
7260000 · Audit	12,000.00
7300000 · Other Expenses	
7360000 · 1997 Rural Dev. Bond Interest	5,484.38
7370000 · 2000 Rural Dev. Bond Interest	47,096.47
7380000 · EDA Interest	2,709.54
7390000 · 2005 Rural Dev. Bond Interest	31,670.11
Total 7300000 · Other Expenses	86,960.50
7350000 · Computer	939.30
7350002 · Computer (Maintenance & Repair)	4,402.61
7500000 · Suspense Account	60.61
Total 7000000 · Administration and General	483,279.64
8000000 · Sewer Collection	
8010000 · Power	13,556.08
8030000 · Materials & Supplies	8,218.49
8040000 · Labor	34,605.57
8060000 · Repairs-Ponderosa Sewer Pump	65.00
8090000 · Equipment	600.00
8100000 · Equip., Maintenance & Repairs	36,367.55
8110000 · State Maintenance Fees	3,110.00
8320000 · I & I Project	0.00
Total 8000000 · Sewer Collection	96,522.69

**Oneida Water and Wastewater
Profit & Loss
July 2012 through January 2013**

	TOTAL
Income	
30001 · Sewer Revenues	
3020000 · Sewer Sales	437,396.85
3030000 · Sewer Pump Surcharge	5,901.34
3040000 · Winfield Sewer Sales	43,540.16
3070000 · Tap Fee (Sewer)	725.00
Total 30001 · Sewer Revenues	487,563.35
30010 · Other Revenue	
3080000 · Installation Income	3,051.37
3090000 · Materials & Supplies Sales	16,179.49
3100000 · Miscellaneous Income	31,299.25
3150000 · Penalties	48,492.37
3200000 · Discounts Earned	142.52
3250000 · Land Lease Income	3,680.00
3300000 · Interest Income	40.18
3500000 · Grant Proceeds CDBG	120,648.41
Total 30010 · Other Revenue	223,533.59
300100 · Water Revenues	
3010000 · Water Sales	851,985.08
3060000 · Tap Fees (Water)	4,300.00
3140000 · Water Testing	1,800.00
Total 300100 · Water Revenues	858,085.08
Total Income	1,569,182.02
Expense	
4000000 · Procurement Treatment & Supply	
4010000 · Power	79,175.04
4020000 · Chemicals	54,458.85
4030000 · Materials & Supplies	7,432.12
4040000 · Labor	72,824.68
4050000 · Repairs & Maintenance	849.25
4060000 · Repairs & Maintenance-Lake Prop	617.38
4080000 · Equipment	2,508.46
4090000 · Equipment Main. & Repairs	8,512.85
4110000 · State Maintenance Fees	2,880.80
4120000 · Gas-Natural	1,012.00
4140001 · Purchased Water	61,082.26
4180000 · Mowing Equipment & Grounds	56.15
4190000 · Water Samples & Lab Testing	3,566.50
4240000 · Travel	68.50
4250000 · Unclassified	3,875.46
Total 4000000 · Procurement Treatment & Supply	298,920.30
4990000 · Depreciation Expense	322,263.97
5000000 · Transmission & Distribution	
5010000 · Power	17,563.50
5030000 · Materials & Supplies	33,532.18
5040000 · Labor 1	83,284.49
5040001 · Labor 2	62,977.75
5050000 · Repairs	2,731.60
5060014 · Terry Motors Pump	315.00
5080000 · Equipment	1,620.50
5090000 · Equipment, Maintenance & Repair	3,000.86
5110000 · State Maintenance Fees	2,880.80
5150000 · New Line Installation	504.00
5250000 · Unclassified	180.00
5280000 · Pine Hill Water Tank	460.00
Total 5000000 · Transmission & Distribution	209,050.68

9:21 AM

02/27/13

Accrual Basis

**Oneida Water and Wastewater
Balance Sheet
As of June 30, 2013**

	<u>Jun 30, 13</u>
Other Assets	
1360000 · Deposits	1,665.00
Total Other Assets	<u>1,665.00</u>
TOTAL ASSETS	<u>18,679,044.55</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2000000 · Accounts Payable	56,992.79
2010000 · Meter Deposits	22,484.32
2020000 · TN Sales Tax Payable	10,350.77
2070000 · Accrued Interest	7,453.43
2080000 · Accrued Salaries	6,792.40
2090000 · Accrued Vacation	45,099.08
2100000 · Engineering Payable	12,571.27
Total Other Current Liabilities	<u>161,744.06</u>
Total Current Liabilities	161,744.06
Long Term Liabilities	
2400000 · Bonds Payable (1997) R	178,519.91
2410000 · Bonds Payable (1999) R	1,771,900.26
2420000 · 2005 Bond Payable-Rural Develop	1,132,355.48
2450000 · EDA Loan	109,626.09
Total Long Term Liabilities	<u>3,192,401.74</u>
Total Liabilities	3,354,145.80
Equity	
2500000 · Net Assets	15,354,741.00
Net Income	-29,842.25
Total Equity	<u>15,324,898.75</u>
TOTAL LIABILITIES & EQUITY	<u>18,679,044.55</u>

Oneida Water and Wastewater
Balance Sheet
 As of June 30, 2013

Jun 30, 13

ASSETS**Current Assets****Checking/Savings**

1010000 · First Trust Revenue Account	13,333.09
1030000 · First Trust & Savings Bank	2,919.29
1040000 · First Trust & Savings Rural	17,654.19
1050000 · Citizens First	14,785.03
1060000 · First National Bank	8,180.09
1080000 · CDBG Grant I/I Project	576.27
1090000 · Cash on Hand	200.00
1100000 · 1st Natl. Bank	222,883.21
1100001 · Petty Cash	300.00

Total Checking/Savings 280,831.17

Other Current Assets

0115000 · Accounts Receivable	
1150000 · Accounts Receivable	169,301.26
1150001 · Accounts Receivable-Reserve	-10,000.00
1160000 · Accounts Receivable (Other)	8,170.24
1170000 · Unbilled Receivables	211,727.27

Total 0115000 · Accounts Receivable 379,198.77

1400000 · Inventory Supplies 235,881.06

Total Other Current Assets 615,079.83

Total Current Assets

895,911.00

Fixed Assets**120000 · Fixed Assets**

1210000 · Water Treatment Plant	934,366.86
1210001 · Water Treatment Plant (Land)	110,000.00
1210002 · Water Plant Expansion	4,391,453.65
1220000 · Water Distribution System	2,823,430.17
1230000 · Office Improvements	60,238.34
1240000 · Sewage System	567,361.96
1250000 · Water Storage (Lake & Dam)	147,914.72
1250001 · Lake Land (Marcum Property)	75,000.00
1260000 · Equipment	1,188,209.61
1270000 · Building	21,029.00
1270001 · New Shed at Wastewater Plant	15,800.00
1270002 · Metal Building at Water Plant	41,136.97
1280000 · New Treatment Plant	3,392,489.39
1290000 · New Sewer Plant (Land)	44,287.84
1300000 · New Sewer Expansion	4,529,660.52
1310000 · Sewer Line Rehabilitation	3,104,510.26
1320000 · South Oneida Sewer	862,620.86
1330000 · Winfield Sewer System	1,935,188.66
1340000 · Construction in Progress	202,039.99
1430000 · Water Supply Line Baker Lake	122,777.53
1450000 · Water Supply Line Park to Plant	638,681.54
1500000 · 1997 Waterline Improvement	190,386.74
1510000 · Graperough Water Tank	732,933.77
1520000 · Land-Graperough Water Tank	12,000.00
1550000 · Eli Lane Tank	478,207.10
1560000 · EDA Water Lines	1,538,504.05

Total 120000 · Fixed Assets 28,160,229.53

157 · Accumulated Depreciation

1200000 · Reserve for Depreciation -10,378,760.98

Total 157 · Accumulated Depreciation -10,378,760.98

Total Fixed Assets

17,781,468.55

CITY OF
ALAMO

97 S. JOHNSON STREET - ALAMO, TENNESSEE 38001
PHONE 731-696-4515 - FAX 731-696-4045

MAYOR
TOMMY GREEN

ALDERMEN
IRA BURROW
ROE NELL HUGHES
JOE JONES
JODY BYRD

RECORDER
RITA REASONS

FEB 13 2013

February 7, 2013

State of Tennessee
Water and Wastewater Financing Board
James K. Polk Building
505 Deadrick Street, Suite 1500
Nashville, TN 37243-1402

Dear Joyce,

The Town of Alamo is concerned about water loss and the steadily increase cost of operations. Attached you will find the AWWA Free Water Audit Software Reporting Worksheet for the fiscal year of 7-1-2011 through 6-30-2012. For the audit for the year 7-1-2010 through 6-30-2011 the loss was 25.349% verses audit year 7-1-2011 through 6-30-2012 the loss was 11.2%. That is a significant improvement in water loss. As part of water loss control we will be checking all meters over 1 inch immediately and annually; residential meters at 5% per year.

Our sewer plant is 25 years old and is requiring more maintenance because of the age of the system. We have applied for a CBDG grant to renovate the wastewater plant. We hope to be awarded this grant before the end of the year. In the last two fiscal years we have replaced 4 sewer lift stations, which should be more efficient to operate, eliminating excess maintenance cost and utility cost.

If you have any further questions please feel free to call me at 731-696-4515 or my email is tgreen38001@gmail.com.

Respectfully,



Tommy Green, Mayor

Click to access definition

Water Audit Report for: **Alamo Water Department**

Reporting Year: **2012** 7/2011 - 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

WATER SUPPLIED

<< Enter grading in column 'E'

Volume from own sources:	5	112.801	Million gallons (US) /yr (MG/Yr)
Master meter error adjustment (enter positive value):	5	1.128	under-registered MG/Yr
Water imported:	n/a	0.000	MG/Yr
Water exported:	n/a	0.000	MG/Yr
WATER SUPPLIED:		113.929	MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	7	76.736	MG/Yr
Billed unmetered:	8	0.274	MG/Yr
Unbilled metered:	7	0.113	MG/Yr
Unbilled unmetered:	9	6.777	MG/Yr
AUTHORIZED CONSUMPTION:		83.900	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) 30.029 MG/Yr

Apparent Losses

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

Unauthorized consumption:	7	0.285	MG/Yr
Customer metering inaccuracies:	7	5.784	MG/Yr
Systematic data handling errors:	9	0.767	MG/Yr
Apparent Losses:		6.836	

Pcnt: Value:

7.00%

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:	9	23.193	MG/Yr
WATER LOSSES:		30.029	MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER:	9	36.919	MG/Yr
---------------------------	---	---------------	--------------

= Total Water Loss + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	9	29.0	miles
Number of active AND inactive service connections:	7	1,283	
Connection density:		44	conn./mile main
Average length of customer service line:	10	0.0	ft (pipe length between curbstop and customer meter or property boundary)
Average operating pressure:	7	70.0	psi

COST DATA

Total annual cost of operating water system:	8	\$234,646	\$/Year
Customer retail unit cost (applied to Apparent Losses):	8	\$2.69	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	8	\$261.18	\$/Million gallons

PERFORMANCE INDICATORS

Financial Indicators

Non-revenue water as percent by volume of Water Supplied:	32.4%
Non-revenue water as percent by cost of operating system:	11.2%
Annual cost of Apparent Losses:	\$18,389
Annual cost of Real Losses:	\$6,057

Operational Efficiency Indicators

Apparent Losses per service connection per day:	14.60	gallons/connection/day
Real Losses per service connection per day*:	49.53	gallons/connection/day
Real Losses per length of main per day*:	N/A	
Real Losses per service connection per day per psi pressure:	0.71	gallons/connection/day/psi

Unavoidable Annual Real Losses (UARL): Not Valid

*** UARL cannot be calculated as either average pressure, number of connections or length of mains is too small: SEE UARL DEFINITION ***

From Above, Real Losses = Current Annual Real Losses (CARL): 23.19

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: 67 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: Master meter error adjustment
- 3: Billed metered

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



City of Lakeland

February 12, 2013

Ms. Joyce Welborn
Board Coordinator
Water and Wastewater Financing Board
505 Deaderick Street, Suite 1500
Nashville, Tennessee 37243-1402

Re: City of Lakeland Fiscal Year 2013 financial condition for Wastewater Fund.

Dear Ms. Welborn:

We are submitting this information to you as per your request to us in a letter dated January 3, 2013. As a result of the audit ending June 30, 2012, city staff reviewed our sewer rate charges and presented recommendations to the Board of Commissioners in February 2013. We are pleased to report, that the Board of Commissioners recognized the need to meet the requirements of the State Water and Wastewater Financing Board and raised sewer rates appropriately. The Board of Commissioners approved the rate increase on first reading at their regularly scheduled meeting on February 7th, 2013. The final reading of the proposed rate increase ordinance is scheduled for March 7, 2013. A copy of the ordinance is attached to this letter.

Over the last five years, the City of Lakeland has taken major steps to reduce our net negative balances reported by the auditors each year. I have summarized those balances below according to their fiscal year.

For Fiscal Year 2009, the change in net assets was negative (\$429,482)
For Fiscal Year 2010, the change in net assets was negative (\$180,238)
For Fiscal Year 2011, the change in net assets was negative (\$158,875)
For Fiscal Year 2012, the change in net assets was negative (\$62,686)

The Board has taken significant action over the past few years to improve the financial condition of our sewer fund. We believe with the adoption of the latest round of increased sewer user charges, the net change in assets will become positive for Fiscal Year 2013 and FY 2014. It is estimated that these proposed increases will increase revenues nearly \$100,000 each year over the next two years.

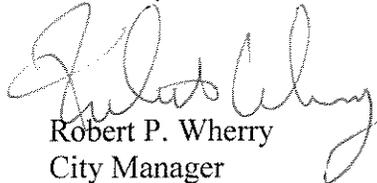
Water and Wastewater Board

February 12, 2013

Page 2 of 2

I have attached copies of the latest FY 2013 Financial Statements for the Sewer Fund. I have also attached a copy of the ordinance presented to the Board of Commissioners which they have approved on first reading. Please feel free to contact us if you need further information.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert P. Wherry".

Robert P. Wherry
City Manager

Encl. Copy of the Proposed Sewer Rate Ordinance
Financial Statement for Sewer Fund as of January 2013.

AN ORDINANCE RESCINDING ORDINANCE 10-155 AND
CREATING A NEW ORDINANCE PERTAINING TO
RESIDENTIAL AND COMMERCIAL SEWER USER RATES
FOR CALENDAR YEAR 2013 AND 2014

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF
THE CITY OF LAKELAND, TENNESSEE.

Section 1: Ordinance 10-155 is hereby rescinded:

Section 2. The proposed Lakeland Residential and Commercial sewer user rates are adopted
as follows upon passage of this ordinance:

CITY OF LAKELAND SEWER USER RATES

Residential:

~~CALENDAR YEAR 2011, THE RESIDENTIAL RATE SHALL BE \$27.20 FOR
THE FIRST 8.01 CCF (6000 GALLONS). THEREAFTER THE RATE SHALL
BE \$0.90 PER HUNDRED CUBIC FEET (CCF). THE MAXIMUM
MONTHLY SEWER USE CHARGE IS \$40.00~~

~~CALENDAR YEAR 2012, THE RESIDENTIAL RATE SHALL BE \$27.20 FOR
THE FIRST 8.01 CCF (6000 GALLONS). THEREAFTER THE RATE SHALL
BE \$1.12 PER HUNDRED CUBIC FEET (CCF). THE MAXIMUM
MONTHLY SEWER USE CHARGE IS \$40.00.~~

CALENDAR YEAR 2013, THE RESIDENTIAL RATE SHALL BE \$29.30 FOR
THE FIRST 8.01 CCF (6000 GALLONS). THEREAFTER THE RATE SHALL
BE \$1.20 PER HUNDRED CUBIC FEET (CCF). THE MAXIMUM
MONTHLY SEWER USE CHARGE IS \$43.00

CALENDAR YEAR 2014, THE RESIDENTIAL RATE SHALL BE \$31.50 FOR
THE FIRST 8.01 CCF (6000 GALLONS). THEREAFTER THE RATE SHALL
BE \$1.27 PER HUNDRED CUBIC FEET (CCF). THE MAXIMUM
MONTHLY SEWER USE CHARGE IS \$46.00.

Commercial:

~~FOR CALENDAR YEAR 2011, THE COMMERCIAL RATE SHALL BE \$55.00 FOR THE FIRST 40.91 CCF (30,600 GALLONS). THEREAFTER THE RATE SHALL BE \$1.10 PER HUNDRED CUBIC FEET (CCF).~~

~~FOR CALENDAR YEAR 2012, THE COMMERCIAL RATE SHALL BE \$56.35 FOR THE FIRST 40.91 CCF (30,600 GALLONS). THEREAFTER THE RATE SHALL BE \$1.21 PER HUNDRED CUBIC FEET (CCF)~~

FOR CALENDAR YEAR 2013, THE COMMERCIAL RATE SHALL BE \$58.35 FOR THE FIRST 40.91 CCF (30,600 GALLONS). THEREAFTER THE RATE SHALL BE \$1.30 PER HUNDRED CUBIC FEET (CCF).

FOR CALENDAR YEAR 2014, THE COMMERCIAL RATE SHALL BE \$60.35 FOR THE FIRST 40.91 CCF (30,600 GALLONS). THEREAFTER THE RATE SHALL BE \$1.39 PER HUNDRED CUBIC FEET (CCF)

First Reading: February 7, 2013.
Public Hearing: February 26, 2013
Final Reading: March 7, 2013

Sontidra L. Thomas
City Recorder

J. Scott Carmichael
Mayor

STATEMENT OF REVENUES AND EXPENSES

SEWER FUND

January, 31 2012

	<u>2011-2012</u>	<u>YTD 2013</u>
Operating Revenues:		
Sewer service Fee	955,136.94	502,071.96
Service connections Fees	97,909.63	39,982.69
Other	0.00	0.00
Total operating revenues	1,053,046.57	542,054.65
Operating Expenses:		
Personnel expenses	228,799.81	100,125.75
General and administrative	334,565.06	195,852.45
Depreciation	433,203.00	252,701.75
Total operating expenses	996,567.87	548,679.95
Operating income (loss)	56,478.70	(6,625.30)
Nonoperating activity:		
Interest income	19,324.14	4,791.05
Interest and agent Fee expense	80,752.42	46,725.28
Non-operating Income (Loss)	(61,428.28)	(41,934.23)
Net Operating Income (Loss)	(4,949.58)	(48,559.53)
Capital contributions-development Fees	4,600.00	0.00
Total Capital Fees:	4,600.00	0.00
Capital Expenditures	131,984.30	278,199.50
Total Capital Expenses:	(127,384.30)	(278,199.50)
Net Income (Loss)	(132,333.88)	(326,759.03)

Historic Town of Cumberland Gap

330 Colwyn Street
P.O Box 78
Cumberland Gap, TN 37724

Phone: 423-869-3860
Fax: 423-869-8534
Email: cumberlandgap1@bellsouth.net
Website: townofcumberlandgap.com



January 31, 2013

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

Dear Ms. Welborn,

In our letter dated January 8, 2013, we referred to a discrepancy in the two master meters. We submitted documentation showing Lincoln Memorial University's (LMU) meter was reading more than the town's meter. We now know that is not the case. The town's readings were being recorded incorrectly.

We agreed with LMU to calibrate both meters. The calibration showed the town's meter was 100% accurate, while LMU's meter was only reading 95% of the water on high flow and 88% on low flow. The engineers demonstrated the correct way to record the meter readings.

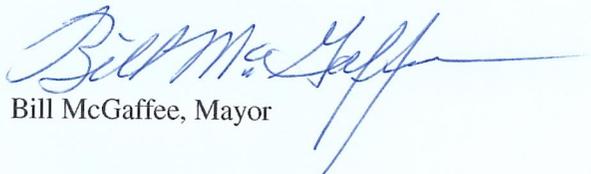
For the month of December 2012 the town's meter read 1,003,240 gallons and LMU's meter read 979,000 gallons; with difference of 24,240 gallons (Appendix A). For the month of January 2013 the town's meter read 996,600 gallons and LMU's meter read 983,000 gallons; with a difference of 13,600 gallons (Appendix B).

Since the town's meter is more accurate, LMU will be using our readings when billing for water used; therefore the water loss for the month of December 2012 was actually 65.594% (Appendix C); but went down to 60.281% in January 2013 (Appendix D).

In the upcoming weeks the town will aggressively search for and repair water leaks. The application for Phase 2 of the waterline rehabilitation is almost complete and will be submitted by February 22, 2013.

If you have any questions or need more information, you may contact me at the above number.

Sincerely,


Bill McGaffee, Mayor

Appendix A

TOWN OF CUMBERLAND GAP COMPARISON OF # OF GALLONS OF WATER LMU METER

vs.

TOWN'S METER

MONTH OF DECEMBER 2012

	TOWN HIGH FLOW	TOWN LOW FLOW	TOWN METER TOTAL	LMU METER	DIFFERENCE
12/1/2012	-			-	-
12/2/2012	-			-	-
12/3/2012	61,300	40,740	102,040	101,000	1,040
12/4/2012	-	-	-	-	-
12/5/2012	-	-	-	-	-
12/6/2012	-	-	-	-	-
12/7/2012	81,000	54,390	135,390	122,000	13,390
12/8/2012	-	-	-	-	-
12/9/2012	-	-	-	-	-
12/10/2012	-	-	-	-	-
12/11/2012	78,000	53,000	131,000	140,000	-9,000
12/12/2012	36,000	13,010	49,010	36,000	13,010
12/13/2012	18,400	13,480	31,880	32,000	-120
12/14/2012	22,000	13,940	35,940	35,000	940
12/15/2012	-			-	-
12/16/2012	-			-	-
12/17/2012	54,000	40,640	94,640	93,000	1,640
12/18/2012	16,600	14,000	30,600	30,000	600
12/19/2012	16,000	13,560	29,560	30,000	-440
12/20/2012	17,100	14,000	31,100	31,000	100
12/21/2012	17,000	14,210	31,210	30,000	1,210
12/22/2012	-			-	-
12/23/2012	-			-	-
12/24/2012	50,500	40,630	91,130	91,000	130
12/25/2012	-			-	-
12/26/2012	-			-	-
12/27/2012	50,100	40,890	90,990	90,000	990
12/28/2012	15,000	13,100	28,100	28,000	100
12/29/2012	-			-	-
12/30/2012	-			-	-
12/31/2012	50,100	40,550	90,650	90,000	650
TOTAL	583,100	420,140	1,003,240	979,000	24,240
			Town	LMU	Difference

Appendix B

TOWN OF CUMBERLAND GAP
 COMPARISON OF # OF GALLONS OF WATER
 LMU METER
 vs.
 TOWN'S METER

MONTH OF JANUARY 2013

	TOWN HIGH FLOW	TOWN LOW FLOW	TOWN METER TOTAL	LMU METER	DIFFERENCE
1/1/2013	-	-	-	-	-
1/2/2013	36,800	27,810	64,610	63,000	1,610
1/3/2013	19,400	13,290	32,690	33,000	-310
1/4/2013	18,300	14,230	32,530	32,000	530
1/5/2013	-	-	-	-	-
1/6/2013	-	-	-	-	-
1/7/2013	57,400	40,360	97,760	96,000	1,760
1/8/2013	19,000	13,670	32,670	33,000	-330
1/9/2013	18,100	13,430	31,530	31,000	530
1/10/2013	18,800	14,750	33,550	33,000	550
1/11/2013	16,800	13,020	29,820	30,000	-180
1/12/2013	-	-	-	-	-
1/13/2013	-	-	-	-	-
1/14/2013	56,600	45,010	101,610	96,000	5,610
1/15/2013	19,400	14,010	33,410	33,000	410
1/16/2013	17,600	13,200	30,800	34,000	-3,200
1/17/2013	19,500	13,230	32,730	28,000	4,730
1/18/2013	19,400	15,080	34,480	34,000	480
1/19/2013	-	-	-	-	-
1/20/2013	-	-	-	-	-
1/21/2013	52,800	39,540	92,340	91,000	1,340
1/22/2013	18,800	14,370	33,170	33,000	170
1/23/2013	16,900	13,330	30,230	30,000	230
1/24/2013	17,500	13,580	31,080	31,000	80
1/25/2013	18,000	13,660	31,660	31,000	660
1/26/2013	-	-	-	-	-
1/27/2013	-	-	-	-	-
1/28/2013	55,900	40,210	96,110	95,000	1,110
1/29/2013	18,500	13,300	31,800	34,000	-2,200
1/30/2013	-	-	-	-	-
1/31/2013	34,800	27,220	62,020	62,000	20
TOTAL	570,300	426,300	996,600	983,000	13,600
			Town	LMU	Difference

Town of Cumberland Gap
 Schedule of Unaccounted For Water
 December

(All amounts in gallons)

A	Water Treated and Purchased		
B	Water Pumped (potable)		
C	Water Purchased	1,003,240	
D	Total Water Treated and Purchased		1,003,240
	(Sum Lines B and C)		
E	Accounted for Water:		
F	Water Sold	330,179	
G	Metered for Consumption (in house usage)	0	
H	Fire Department(s) Usage	0	
I	Flushing	12,500	
J	Tank Cleaning/Filling	0	
K	Street Cleaning	0	
L	Bulk Sales	2,500	
M	Water Bill Adjustments (+/-)		
N	Total Accounted for Water		345,179
	(Sum Lines F thru M)		
O	Unaccounted for Water		658,061
	(Line D minus Line N)		
P	Percent Unaccounted for Water		65.594%
	(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.



Town of Cumberland Gap
 Schedule of Unaccounted For Water
 January

(All amounts in gallons)

A	Water Treated and Purchased		
B	Water Pumped (potable)		
C	Water Purchased	996,600	
D	Total Water Treated and Purchased	<u>996,600</u>	
	(Sum Lines B and C)		<u>996,600</u>
E	Accounted for Water:		
F	Water Sold	395,840	
G	Metered for Consumption (in house usage)	<u>0</u>	
H	Fire Department(s) Usage	<u>0</u>	
I	Flushing	<u>0</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>395,840</u>
	(Sum Lines F thru M)		
O	Unaccounted for Water		<u>600,760</u>
	(Line D minus Line N)		
P	Percent Unaccounted for Water		<u>60.281%</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.



*Compliance
March 2013*

**CHEATHAM COUNTY WATER AND WASTE WATER AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012**

Operating Revenues

Sewer Charges \$ 114,089.83

Operating Expense

Administrative Collection Fees	\$ 10,793.90
Depreciation Expense	25,352.25
Board Member Fees	3,850.00
Accounting Fees	4,170.00
Licenses & Permits	729.98
Contracted Services	34,377.82
Equipment Repairs	27,282.50
Supplies	1,454.95
Utilities	<u>11,676.59</u>

Total Operating Expenses 119,687.99

Net Operating Loss \$ (5,598.16)

Non-operating Revenue (Expense)

Interest Income	2,703.43
Proceeds from Settlement	<u>20,000.00</u>

Total Non-operating Revenue (Expense) 22,703.43

Increase in Net Assets 17,105.27

Total Net Assets - June 30, 2011 596,024.83

Total Net Assets - June 30, 2012 \$ 613,130.10

The Accompanying notes are in integral part of the financial statements

*Compliance Manual
2013*

CITY OF COPPERHILL, TENNESSEE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Water and Sewer Authority</u>
OPERATING REVENUES:	
Water and sewer charges	<u>316,228</u>
OPERATING EXPENSES:	
Administrative and general	288,980
Depreciation	<u>92,286</u>
Total operating expenses	<u>381,266</u>
Operating loss	<u>(65,038)</u>
NON-OPERATING REVENUES (EXPENSES):	
Bond interest expense	(58,594)
Grant income	<u>431,530</u>
Total non-operating loss	<u>372,936</u>
CHANGE IN NET ASSETS	307,898
NET ASSETS at beginning of year	<u>2,231,777</u>
NET ASSETS at end of year	<u>\$ 2,539,675</u>

*WL
13.22.10*

Compliance ~~July~~ March 2013

TOWN OF ALAMO, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2012

	<u>Water & Sewer</u> <u>Fund</u>
Operating revenues	
Charges for sales and service	\$ 412,283
Connection and service fees	14,504
Penalties	18,597
Grant revenue	130,567
Other operating revenue	810
Total operating revenues	<u>576,761</u>
Operating expenses	
Salaries and personnel expense	147,498
Utilities	54,684
Supplies and testing	11,349
System maintenance	69,345
Provision for depreciation	106,523
Bad debt expense	8,829
Administrative and general expenses	71,064
Total operating expenses	<u>469,292</u>
Operating income (loss)	<u>107,469</u>
Nonoperating revenues (expenses)	
Interest and other income	<u>7,701</u>
Change in net assets	115,170
Total net assets - beginning	<u>3,274,085</u>
Total net assets - ending	<u>\$ 3,389,255</u>

Validity score 67
Non revenue water 11.2%

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

Compliance *Agreed*
July
2013

TOWN OF LIVINGSTON, TENNESSEE

Statement of Revenues, Expenses and Changes in Net Assets
 Proprietary Funds

For the Fiscal Year Ended June 30, 2012

	Water and Sewer	Natural Gas	Total
Operating revenues			
Charges for services	\$ 3,516,014	\$ 1,716,882	\$ 5,232,896
Penalties and interest	42,109	11,835	53,944
Supplies sold	3,430	4,020	7,450
Miscellaneous	30,549	29,277	59,826
Service charges	20,010	15,707	35,717
Total operating revenues	3,612,112	1,777,721	5,389,833
Operating expenses			
Hourly wages	904,127	350,585	1,254,712
Payroll taxes	69,779	27,426	97,205
Employee insurance	42,342	35,437	77,779
Retirement	72,500	26,404	98,904
Office supplies	11,313	1,624	12,937
Schooling	-	810	810
Leak survey	-	5,250	5,250
Electricity	558,800	1,922	560,722
Telephone	9,469	-	9,469
Utilities	28,780	1,143	29,923
Legal	8,000	-	8,000
Audit and accounting	1,400	1,400	2,800
Vehicle repair	11,871	4,292	16,163
Equipment repair	69,505	4,696	74,201
Small tools	466	-	466
Materials & supplies	167,064	22,084	189,148
Uniform & linens	16,372	7,143	23,515
General maintenance	2,259	-	2,259
Gasoline & oil	56,685	46,374	103,059
Natural gas purchases	-	1,144,937	1,144,937
Pipes and meters	21,925	7,328	29,253
Miscellaneous	73,302	16,368	89,670
Insurance & bonding	128,959	85,871	214,830
Equipment	22,799	583	23,382
Computer equipment repair	9,920	2,142	12,062
Chemicals	132,871	-	132,871
Depreciation	769,898	51,365	821,263
Total operating expenses	3,190,406	1,845,184	5,035,590
Operating income	421,706	(67,463)	354,243
Nonoperating revenues (expenses)			
Interest income	1,620	495	2,115
Interest expense	(476,613)	-	(476,613)
Other bond costs	(822)	-	(822)
Total nonoperating revenues (expenses)	(475,815)	495	(475,320)
Net income before contributions	(54,109)	(66,968)	(121,077)
Contributions			
Capital contributions - service tap fees	57,829	5,589	63,418
FEMA grant	430,430	-	430,430
Total capital contributions	488,259	5,589	493,848
Transfers out	(26,712)	(19,831)	(46,543)
Change in net assets	407,438	(81,210)	326,228
Net assets, beginning	9,047,610	1,345,023	10,392,633
Net assets, ending	\$ 9,455,048	\$ 1,263,813	\$ 10,718,861

WK
31-95070

See Accompanying Notes to Financial Statements

Compliance
of March 2013

TOWN OF ROSSVILLE, TENNESSEE
STATEMENT OF NET ACTIVITIES
PROPRIETARY FUND
June 30, 2012

	<u>WATER AND SEWER FUND</u>
<u>OPERATING REVENUES</u>	
Charges for Sales and Services:	
Sales and Services Fees-Regular	\$ 89,673
Sales and Services Fees-Industrial	63,074
Penalties	2,310
Connections	11,825
Developers Fees	65,000
TOTAL OPERATING REVENUES	<u>231,882</u>
<u>OPERATING EXPENSES</u>	
Salaries	48,100
Payroll Taxes	4,762
Repairs and Maintenance	12,609
Insurance	14,156
Utilities	14,404
Operating Supplies	5,207
Professional	4,125
Sales Tax	3,402
Travel	1,086
Office Supplies	2,109
Testing	2,301
Retirement	5,178
Telephone	1,513
Truck	1,810
Other	3,720
Depreciation	86,930
TOTAL OPERATING EXPENSES	<u>211,412</u>
OPERATING INCOME (LOSS)	<u>20,470</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Investment Earnings	19,348
Grants from T.D.O.T.	183,854
Reimbursement from T.D.O.T.	100,000
Transfer to General Fund	(74,061)
Transfer from General Fund	249,852
Interest Expense	(34,455)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>444,538</u>
CHANGES IN NET ASSETS	465,008
TOTAL NET ASSETS BEGINNING	<u>1,503,270</u>
TOTAL NET ASSETS ENDING	\$ <u>1,968,278</u>

SEE THE ACCOMPANYING NOTES AND AUDITOR'S REPORT

WL
3,740,070
'55

*Compliance
March 2013*

**CITY OF SAVANNAH, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012**

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTALS
	GAS FUND	SEWER FUND	WATER FUND	
OPERATING REVENUES				
Charges for services	\$ 2,740,134	\$ 1,164,356	\$ 2,522,290	6,426,780
Uncollectible accounts	-	-	-	-
TOTAL OPERATING REVENUES	<u>2,740,134</u>	<u>1,164,356</u>	<u>2,522,290</u>	<u>6,426,780</u>
OPERATING EXPENSES				
Natural gas purchases	1,319,187	-	-	1,319,187
Operations - supply and treatment	253,676	133,184	370,135	756,995
Operations - distributions	-	142,452	181,129	323,581
Repairs and maintenance	369,623	266,960	908,532	1,545,115
Accounting and collecting	105,387	67,435	101,607	274,429
Administrative and general	159,476	114,179	129,411	403,066
Economic development	67,500	-	-	67,500
Amortization	1,468	1,329	4,077	6,874
Depreciation	161,196	315,481	527,471	1,004,148
TOTAL OPERATING EXPENSES	<u>2,437,513</u>	<u>1,041,020</u>	<u>2,222,362</u>	<u>5,700,895</u>
OPERATING INCOME	<u>302,621</u>	<u>123,336</u>	<u>299,928</u>	<u>725,885</u>
NONOPERATING REVENUES (EXPENSES)				
Rental income	-	-	22,000	22,000
Legal settlement	270,000	-	330,000	600,000
Insurance recovery	-	5,217	-	5,217
Interest income	25,780	6,145	5,822	37,747
Interest expense	(21,088)	(84,696)	(348,500)	(454,284)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>274,692</u>	<u>(73,334)</u>	<u>9,322</u>	<u>210,680</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>577,313</u>	<u>50,002</u>	<u>309,250</u>	<u>936,565</u>
Transfers to other funds	(68,686)	(15,400)	(36,139)	(120,225)
Capital contributions	100,364	9,462	98,821	208,647
CHANGE IN NET ASSETS	<u>608,991</u>	<u>44,064</u>	<u>371,932</u>	<u>1,024,987</u>
NET ASSETS - BEGINNING OF YEAR	<u>5,962,086</u>	<u>5,850,412</u>	<u>7,617,174</u>	<u>19,429,672</u>
NET ASSETS - END OF YEAR	<u>\$ 6,571,077</u>	<u>\$ 5,894,476</u>	<u>\$ 7,989,106</u>	<u>\$ 20,454,659</u>

*WL
29,877,0*

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

CITY OF MADISONVILLE, TENNESSEE

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS

(continued)

Year Ended June 30, 2012

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Totals</u>
INCOME(LOSS) BEFORE CAPITAL CONTRIBUTIONS	789,691	(39,291)	750,400
Capital contributions	<u>248,292</u>	<u>0</u>	<u>248,292</u>
CHANGES IN NET ASSETS	1,037,983	(39,291)	998,692
NET ASSETS AT THE BEGINNING OF THE YEAR	<u>11,295,884</u>	<u>1,900,936</u>	<u>13,196,820</u>
NET ASSETS AT THE END OF THE YEAR	<u>\$12,333,867</u>	<u>\$ 1,861,645</u>	<u>\$14,195,512</u>

See the accompanying notes to the financial statements.

AWWA WLCC Free Water Audit Software: Reporting Worksheet

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WAS v4.2

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[Click to access definition](#)

Water Audit Report for: **City of Madisonville, Tennessee**
 Reporting Year: **2012** / **7/2011 - 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

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="8"/>	<input type="text" value="406.400"/>	MG/Yr
Water exported:	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr
WATER SUPPLIED:		<input type="text" value="406.400"/>	MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	<input type="text" value="4"/>	<input type="text" value="257.600"/>	MG/Yr
Billed unmetered:	<input type="text" value="n/a"/>	<input type="text" value=""/>	MG/Yr
Unbilled metered:	<input type="text" value="n/a"/>	<input type="text" value=""/>	MG/Yr
Unbilled unmetered:	<input type="text" value="6"/>	<input type="text" value="6.300"/>	MG/Yr
AUTHORIZED CONSUMPTION:		<input type="text" value="263.900"/>	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=""/>	<input type="text" value="1.016"/>	MG/Yr
Customer metering inaccuracies:	<input type="text" value="5"/>	<input type="text" value="0.000"/>	MG/Yr
Systematic data handling errors:	<input type="text" value=""/>	<input type="text" value="0.000"/>	MG/Yr
Systematic data handling errors are likely, please enter a non-zero value; otherwise grade = 5			
Apparent Losses:		<input type="text" value="1.016"/>	

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:	<input type="text" value=""/>	<input type="text" value="141.484"/>	MG/Yr
WATER LOSSES:		<input type="text" value="142.500"/>	MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER:	<input type="text" value=""/>	<input type="text" value="148.800"/>	MG/Yr
= Total Water Loss + Unbilled Metered + Unbilled Unmetered			

SYSTEM DATA

Length of mains:	<input type="text" value="6"/>	<input type="text" value="75.0"/>	miles
Number of active AND inactive service connections:	<input type="text" value="3"/>	<input type="text" value="4,666"/>	
Connection density:	<input type="text" value=""/>	<input type="text" value="62"/>	conn./mile main
Average length of customer service line:	<input type="text" value="6"/>	<input type="text" value="25.0"/>	ft. (pipe length between curbstop and customer meter or property boundary)
Average operating pressure:	<input type="text" value="2"/>	<input type="text" value="65.0"/>	psi

COST DATA

Total annual cost of operating water system:	<input type="text" value="10"/>	<input type="text" value="\$1,365,532"/>	\$/Year
Customer retail unit cost (applied to Apparent Losses):	<input type="text" value="7"/>	<input type="text" value="\$5.26"/>	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	<input type="text" value="10"/>	<input type="text" value="\$1.79"/>	\$/Million gallons

PERFORMANCE INDICATORS

Financial Indicators

Non-revenue water as percent by volume of Water Supplied:	<input type="text" value="36.6%"/>
Non-revenue water as percent by cost of operating system:	<input type="text" value="0.4%"/>
Annual cost of Apparent Losses:	<input type="text" value="\$5,344"/>
Annual cost of Real Losses:	<input type="text" value="\$253"/>

Operational Efficiency Indicators

Apparent Losses per service connection per day:	<input type="text" value="0.60"/>	gallons/connection/day
Real Losses per service connection per day*:	<input type="text" value="83.07"/>	gallons/connection/day
Real Losses per length of main per day:	<input type="text" value="N/A"/>	
Real Losses per service connection per day per psi pressure:	<input type="text" value="1.28"/>	gallons/connection/day/psi
Unavoidable Annual Real Losses (UARL):	<input type="text" value="30.16"/>	million gallons/year
From Above, Real Losses = Current Annual Real Losses (CARL):	<input type="text" value="141.48"/>	million gallons/year
Infrastructure Leakage Index (ILI) [CARL/UARL]:	<input type="text" value="4.69"/>	

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

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 69 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: Water imported
- 3: Customer metering inaccuracies

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

TOWN OF WHITEVILLE
"Gateway to Hardeman County"

February 15, 2013

Joyce Welborn
State of Tennessee
Water and Wastewater Financing Board
505 Deaderick Street, Suite 1500
James K. Polk State Office Building
Nashville, TN 37243-1402

FEB 26 2013

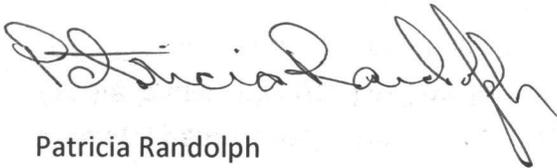
Dear Ms. Welborn:

The Board of Aldermen of the Town of Whiteville, as you may recall, voted to rescind the proposal that we had put together to raise water and sewer rates and come in compliance financially. Steve Wyatt, from MTAS, explained to the Board the seriousness of this situation and they have agreed to do the following: There will be an increase in water and sewer rates of seven (7) percent each year for the next three years. This was put in effect the first of February for the January billings. I believe Mayor Bellar contacted you after our meeting of November 5, regarding this plan. The ordinance has been passed and we hope that this plan will be acceptable to you and the finance board.

We hope this information will be sufficient to bring before the Board, but if a representative is needed, Mayor Bellar will attend.

Thank you for all your help and patience in this matter. It has certainly been a learning experience. Please contact me with any questions or anything else you may need.

Sincerely,



Patricia Randolph
Town Recorder

ORDINANCE NUMBER 2012-11-01

AN ORDINANCE TO SET THE RATES FOR WATER AND SEWER SERVICE

WHEREAS, the Tennessee Code Annotated requires the Town of Whiteville, Tennessee to maintain a financially viable water and sewer system; and,

WHEREAS, the Board of Mayor and Aldermen of the Town of Whiteville, Tennessee finds it necessary to increase by seven percent (7%) the rates for water and sewer service provided by the Town of Whiteville, Tennessee, in order to comply with the requirement of financial viability, now, therefore:

BE IT ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE TOWN OF WHITEVILLE, TENNESSEE, THAT:

Section 1: The rates for water service provided by the Town of Whiteville, Tennessee shall be as follows:

Usage:	Rate:
0 to 2,000 gallons	\$8.56
2,001 to 5,000 gallons	\$3.05 per 1,000 gallons
5,001 to 10,000 gallons	\$2.57 per 1,000 gallons
10,001 to 20,000 gallons	\$2.35 per 1,000 gallons
20,001 to 50,000 gallons	\$1.98 per 1,000 gallons
Over 50,000 gallons	\$1.77 per 1,000 gallons

Section 2: The rates for sewer service provided by the Town of Whiteville, Tennessee shall be as follows:

Usage:	Rate:
0 to 2,000 gallons	\$7.49
Over 2,000 gallons	\$1.72

Section 3: To the extent any previously established rate schedule conflicts with either of the schedule established in section 1 and section 2 of this ordinance, the applicable provisions of section 1 and section 2 of this ordinance shall control.

Section 4: This ordinance shall take effect thirty (30) days after its final passage, the public welfare requiring it.

Passed First Reading: November 5, 2012

Passed Second Reading: November 20, 2012

Passed Third Reading: December 10, 2012



Mayor James Bellar



Recorder Patricia Randolph

March 6, 2013

RETURN RECEIPT REQUESTED

Mayor James Bellar
Town of Whiteville
P. O. Box 324
Whiteville, TN 38075-0324

Dear Mayor Bellar:

The Water and Wastewater Financing Board (WWFB) agreed at its July 7, 2012, meeting to endorse the actions of the Town regarding a substantial rate increase. That increase, based on the MTAS rate study, was approximately 69% for water and 81% for sewer based on a 5,000 gallon customer.

After the WWFB agreed to the rate increase, the Town council rescinded the increase and only implemented 7% for water and approximately 20% on sewer for the 5,000 gallon customer.

Since the actions approved by the WWFB have been reversed by the Town, Town officials were required to appear at the WWFB meeting on November 8, 2012, to explain the actions. That meeting was cancelled and rescheduled to January 10, 2013, and notice was sent by the U. S. Postal Service, and with a phone call, that Town officials were to be present. No one attended.

The WWFB at its January 10 meeting voted once again to require officials to attend the March 14, 2013 meeting of the WWFB. Because of that action, staff has no authority to rescind the motion to appear. The meeting will begin at 10:00 am in Room 31 of the Legislative Plaza in Nashville.

Officials should be prepared to address the Board as to the current financial status of the Town, why the plan was rescinded, what type of plan was implemented instead, and the projections of compliance within three years. The alternative plan should clearly demonstrate how the Town will resolve its financially distressed situation. The plan should include any actions taken and the resulting financial impact. The revenues of the system are highly dependent on the local

correctional facilities. Therefore, evidence should be presented which reflects the impact on those facilities or any other facility that accounts for a large portion of the revenue. If contracts are to be renegotiated with the facilities, that evidence should also be included. If any portion of the plan is dependent upon reduction of expenses, those should be itemized with the resulting financial impact. Historically, the WWFB has allowed a municipality three fiscal years to resolve the issues. For that reason, the plan should take no longer than three fiscal years to show a positive change in net assets.

If you have any additional questions, please contact me at (615) 401-7864 or Joyce.Welborn@cot.tn.gov.

Sincerely,

Joyce Welborn
Board Coordinator

TOWN OF WHITEVILLE			
HISTORY FILE			
	Audited	Audited	Audited
For year ended June 30	2010	2011	2012
Water/sewer revenues	\$ 678,076	\$ 682,760	\$ 668,362
Other revenues	\$ 5,745	\$ 6,209	\$ 6,256
Capital Contributions	\$ 1,363		\$ 800
Total Operating Revenues	\$ 685,184	\$ 688,969	\$ 675,418
Total Operating Expenses	\$ 728,654	\$ 764,367	\$ 737,786
Operating Income	\$ (43,470)	\$ (75,398)	\$ (62,368)
Interest Expense	\$ 17,549	\$ 13,405	\$ 13,628
Change in Net assets	\$ (61,019)	\$ (88,803)	\$ (75,996)
<u>Supplemental Information</u>			
Principal payment	\$ 15,747	\$ 17,780	\$ 16,320
Depreciation	\$ 143,899	\$ 144,300	\$ 142,935
<u>Water Rates-Inside</u>			
Minimum bill	\$ 8.00	\$ 8.00	\$ 8.00
2,001 - 5,000 gallons	\$ 2.85	\$ 2.85	\$ 2.85
5,001 - 10,000 gallons	\$ 2.40	\$ 2.40	\$ 2.40
10,001 - 20,000 gallons	\$ 2.20	\$ 2.20	\$ 2.20
20,001 - 50,000 gallons	\$ 1.85	\$ 1.85	\$ 1.85
over 50,000 gallons	\$ 1.65	\$ 1.65	\$ 1.65
<u>Sewer rates</u>			
Minimum bill	\$ 6.00	\$ 6.00	\$ 6.00
over 2,000 gallons	\$ 1.50	\$ 1.50	\$ 1.50
Water customers	601	601	615
Sewer customers	526	526	529
Water loss	21.72%	19.97%	23.08%

JURISDICTION LIST - WATER & WASTEWATER FINANCING BOARD MARCH 2013				
SYSTEM		COUNTY	LAST AUDIT	LAST BD APPEARANCE
Town of Alexandria		DeKalb	2012	Jan-13
City of Ashland City	WL	Cheatham	2012	Jul-13
Town of Atwood		Carroll	2012	Mar-12
Town of Baileyton		Greene	2011	Nov-11
Town of Big Sandy		Benton	2012	Jul-12
Town of Carthage		Smith	2012	Jul-11
Coffee County WTA		Coffee	2011	Jul-12
City of Collinwood		Wayne	2010	Jul-13
City of Cowan		Franklin	2012	Jul-13
Town of Cumberland Gap	WL	Claiborne	2011	Mar-13
Town of Decaturville	WL	Decatur	2012	Jan-13
City of Decherd	WL	Franklin	2011	Mar-12
Town of Dresden	WL	Weakley	2011	Nov-11
City of Elizabethton	WL	Carter	2012	Jul-13
City of Erin		Houston	2012	Jul-12
City of Etowah		McMinn	2011	Nov-11
City of Friendship		Crockett	2012	Mar-13
City of Friendsville	WL	Blount	2011	Jul-11
City of Grand Junction		Fayette	2012	Jan-13
Town of Greeneville		Greene	2012	Mar-12
Town of Halls		Lauderdale	2012	Jul-13
City of Harriman	WL	Morgan	2012	Nov-11
Town of Henning		Lauderdale	2011	Jan-13
City of Henry		Henry	2011	Mar-13
Hiwassee Utili Commission		Bradley/McMinn	2012	Jul-13
City of Hohenwald	WL	Lewis	2012	Nov-11
Town of Hornbeak		Obion	2012	Mar-13
Humphreys County		Humphreys	2011	Mar-12
Town of Huntsville		Scott	2012	Jul-13
Town of Jasper		Marion	2012	Mar-13
City of Jellico	WL	Campbell	2012	Nov-11
Town of Jonesborough		Washington	2012	Nov-11
City of Kenton	WL	Gibson/Obion	2011	Mar-13
Town of Kimball		Marion	2012	Jul-13
City of Lake City	WL	Anderson/Campbell	2011	Jul-12
City of Lakeland		Shelby	2012	Mar-13
Lenior City	WL	Loudon	2012	Jan-13
Lincoln County	WL	Lincoln	2012	Mar-12
City of Lobelville	WL	Perry	2012	Jul-12
City of McEwen		Humphreys	2011	May-11
City of McKenzie	WL	Carroll	2012	Nov-11
City of Michie		McNairy	2012	Mar-12
City of Middleton		Hardeman	2012	Jul-12
Town of Monterey		Putnam	2012	Jul-13
Town of Moscow		Fayette	2011	Jan-13
Town of Mosheim		Greene	2012	Jul-13
Town of Mountain City	WL	Johnson	2012	Mar-13
City of Mount Pleasant	WL	Maury	2011	Mar-12
City of Niota		McMinn	2010	May-11
Town of Oliver Springs	WL	Anderson/Morgan/Rc	2012	Jul-12
Town of Oneida		Scott	2012	Mar-13
City of Pikeville	WL	Bledsoe	2012	Jul-12

City of Puryear		Henry	2012	Nov-10
City of Ramer		McNairy	2011	May-11
City of Red Boiling Springs		Macon	2012	Jul-13
City of Rockwood		Roane	2011	Nov-11
Town of Sardis		Henderson	2012	Mar-12
Town of Sharon		Weakley	2012	Jul-13
City of Spencer	WL	Van Buren	2012	Mar-13
City of Springfield	WL	Robertson	2012	Mar-12
City of Sunbright		Morgan	2012	Jul-13
Town of Tellico Plains	WL	Monroe	2012	Nov-11
Town of Trezevant	WL	Carroll	2012	Nov-11
Town of Vonore		Blount/Monroe	2012	Mar-12
City of Wartburg		Morgan	2011	Jul-12
Town of Wartrace		Bedford	2012	Jul-13
Watauga River Reg WA	WL	Carter	2012	Jul-13
City of Watertown	WL	Wilson	2009	Jan-13
City of Waverly	WL	Humphreys	2012	Jul-11
City of Westmoreland	WL	Sumner	2012	Nov-11
Town of Whiteville		Hardeman	2012	Mar-13
Town of Woodbury	WL	Cannon	2012	Nov-11

WATER LOSS STATUS						
<u>Utility system</u>	<u>original referral %</u>	<u>original audit referral date</u>	<u>subsequent review %</u>	<u>subsequent review date</u>	<u>subsequent review %</u>	<u>subsequent review date</u>
Ashland City	37.00%	6/30/2011	35.09	6/30/2012		
Collinwood	45.96%	6/30/2009				
Cowan	37.75%	6/30/2012				
Cumberland Gap	47.00%	6/30/2010	35.00%	6/30/2011		
Decaturville	35.09%	6/30/2009	34.77%	6/30/2010	43.43%	6/30/2011
Decherd	40.935%	6/30/2010	40.50%	6/30/2011		
Dresden	38.859%	6/30/2010	38.87%	6/30/2011		
Elizabethton	49.99%	6/30/2010	54.92%	6/30/2011	55.68%	6/30/2012
Erin	51.00%	6/30/2010	49.76%	6/30/2011	42.54%	6/30/2012
Friendsville	40.35%	6/30/2010	38.05%	6/30/2011		
Grand Junction	45.55%	6/30/2010	not included	6/30/2011	not included	6/30/2012
Halls	35.10%	6/30/2011	36.67%	6/30/2012		
Harriman	54.30%	6/30/2010	56.18%	6/30/2011	53.04	6/30/2012
Henning	54.584%	6/30/2010	50.50%	6/30/2011		
Hohenwald	46.00%	6/30/2010	36.00%	6/30/2011	36.00%	6/30/2012
Jellico	43.76%	6/30/2010	40.25%	6/30/2011	38.96%	6/30/2012
Jonesborough	56.11%	6/30/2010	56.54%	6/30/2011	55.60%	6/30/2012
Kenton	48.80%	6/30/2010	46.40%	6/30/2011		
Lake City	46.07%	6/30/2010	39.83%	6/30/2011		
Lenior City	34.62%	6/30/2010	37.70%	6/30/2011	38.60%	6/30/2012
Lincoln County	38.76%	6/30/2010	38.95%	6/30/2011	36.66%	6/30/2012
Lobelville	48.00%	6/30/2011	47.00%	6/30/2012		
McEwen	37.76%	6/30/2009	45.15%	6/30/2010	44.22%	6/30/2011
McKenzie	54.02%	6/30/2010	53.28%	6/30/2011	47.00%	6/30/2012
Mosheim	36.08%	6/30/2012				
Mountain City	42.67%	6/30/2010	45.23%	6/30/2011	38.10%	6/30/2012
Mount Pleasant	48.00%	6/30/2010	42.00%	6/30/2011		
Oliver Springs	53.364%	6/30/2010	49.56%	6/30/2011	49.88%	6/30/2012
Pikeville	43.553%	6/30/2010	43.34%	6/30/2011		
Rockwood	37.90%	6/30/2010	43.60%	6/30/2011	42.35%	6/30/2012

Sharon	32.10%	6/30/2010	47.20%	6/30/2011	47.10%	6/30/2012
Spencer	39.84%	6/30/2010	41.61%	6/30/2011	41.98%	6/30/2012
Springfield	38.10%	6/30/2010	38.03%	6/30/2011	39.30%	6/30/2012
Tellico Plains	52.88%	6/30/2010	51.24%	6/30/2011	46.33%	6/30/2012
Trezevant	48.30%	6/30/2007	57.41%	6/30/2010	52.82%	6/30/2011
Wartrace	44.00%	6/30/2010	48.00%	6/30/2011	46.00%	6/30/2012
Watauga River Regional	60.07%	6/30/2009	59.47%	6/30/2010	58.43%	6/30/2011
Watertown	40.88%	6/30/2008	48.69%	6/30/2009		
Waverly	47.64%	6/30/2010	52.00%	6/30/2011	51.06%	6/30/2012
Westmoreland	42.00%	6/30/2010	46.00%	6/30/2011	40.00%	6/30/2012
Woodbury	46.00%	6/30/2010	44.06	6/30/2011	36.00%	6/30/2012