



**STATE OF TENNESSEE**  
**COMPTROLLER OF THE TREASURY**  
Division of Local Finance  
**Water and Wastewater Financing Board**  
414 Union Street, Suite 1110  
Nashville, Tennessee 37243-1402  
Phone (615) 532-7207 Fax (615) 532-5232

February 23, 2010

The Honorable Phil Bredesen  
Governor of Tennessee  
First Floor, State Capitol  
Nashville, TN 37243

Dear Governor Bredesen:

The Water and Wastewater Financing Board (Board) is submitting to you its annual report for 2009.

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

The goal of the Board is to diligently strive to achieve our legislative mandates and to extend our services to the citizens of the State of Tennessee. We appreciate your continued confidence in and support of the Board. If I, or any member of the Board, can be of further assistance to you and your staff, please feel free to contact me at (615)401-7910.

Sincerely,

Ann Butterworth  
Chairperson

Attachments

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

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

January 2009 through December 2009

Prepared by

The Water and Wastewater Financing Board  
and  
The Comptroller of the Treasury  
January 2010

## **ANNUAL REPORT FOR 2009**

The 95<sup>th</sup> General Assembly created the Wastewater Financing Board (Board) in 1987. The Board was empowered to effect reasonable user rate increases or system improvements through negotiated consolidation of certain wastewater facilities. In July 1997, public water systems were also placed under the jurisdiction of this board; two members were added and the name was changed to Water and Wastewater Financing Board. The Board promulgated its rules and regulations and held its first meeting in April 1988. On May 3, 2007, Public Chapter 86 was signed transferring the administrative responsibility of the Board to the Comptroller of the Treasury. The Board is currently in the process of rulemaking to reflect such legislative changes as well as to establish guidelines for water loss.

The State of Tennessee currently has 348 incorporated municipalities and approximately 185 utility districts. Municipalities operate approximately 225 water and 227 wastewater systems. Utility districts operate approximately 182 water and 18 wastewater systems. Counties operate eleven water and wastewater systems and four water-only systems.

The Division of Municipal Audit, Comptroller of the Treasury, refers local governments operating financially distressed water and wastewater systems to the Board. Financially distressed utility systems are defined as having a deficit total net assets in any one year, having a negative change in net assets for a period of three consecutive years, or as being currently in default on any debt instruments.

Staff to the Board in the Office of the Comptroller of the Treasury reviews the referred cases and prepares presentations to the Board. Staff, assisted by the Municipal Technical Advisory Service, works with the municipal utility systems to develop strategies to comply with state law.

The Board held two meetings during 2009 in which eight case studies, two status reports, and three compliance reports were presented to the Board. The Board also dealt with rulemaking procedures and water loss guidelines.

If a municipal utility system has not reached compliance in the area of financial distress, the Board monitors the cases previously presented to determine if the approved recommended compliance plans are working as proposed. If not, the Board requires the system to meet with the Board to explain what steps need to be taken to solve their financial distress.

The Board has addressed the financially distressed condition of 184 systems since its creation. Currently there are fourteen (14) systems under the jurisdiction of the Board. This reflects a 93% compliance rate.

During the 2009 legislative session, Public Chapter 72 was passed that changed the definition of financial distress by reducing it to two consecutive years with a negative change in net assets. The act also eliminated the exemptions used by some municipalities to avoid complying with the definitions of financially distressed.

**CASES PRESENTED  
TO THE  
WATER AND WASTEWATER FINANCING BOARD  
DURING 2009**

**System**

**County**

**Case Studies**

Town of Bulls Gap	Hawkins
Copper Basin Board of Public Utilities	Polk
Town of Decaturville	Decatur
Town of Gibson	Gibson
City of Milan	Gibson
City of Paris	Henry
Town of Toone	Hardeman
Town of Vonore	Blount/Monroe

**Status Reports**

City of Friendship	Crockett
City of Millington	Shelby

**Compliance Reports**

City of Kenton	Gibson/Obion
City of Morristown	Hamblen
Town of Petersburg	Lincoln/Marshall

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

**System**

City of Bells  
Town of Bolivar  
Town of Bulls Gap  
Town of Decaturville  
Duck River Utility Commission  
City of Friendship  
Town of Gibson  
City of Lakeland  
City of Milan  
City of Millington  
City of Paris  
Town of Toone  
Town of Vonore  
City of Whitwell

**County**

Crockett  
Hardeman  
Hawkins  
Decatur  
Coffee  
Crockett  
Gibson  
Shelby  
Gibson  
Shelby  
Henry  
Hardeman  
Blount/Monroe  
Marion

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

Ms. Ann Butterworth, Chairperson  
Comptroller of the Treasury Designee

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

Mr. Benjamin Bolton  
Representing Manufacturing Interests  
Williamson County

Mr. Grey Scott, General Manager  
Gibson County Municipal Water District  
Gibson County

Ms. Daisy Madison, City of Chattanooga Finance Director  
Representing Minority Interests/Government Finance  
Hamilton County

Mr. Richard Phillips, General Manager  
Northeast Knox Utility District  
Knox County

Mr. Joseph Prochaska  
Representing Environmental Interests  
Davidson County

Ms. Shirley Fox Rogers  
Representing Municipalities  
Campbell County

Mr. Kenneth D. Wiggins  
Director of Engineering and Public Works, City of Alcoa  
Representing Municipal Water Utility  
Blount County

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

Mr. David Bowling  
Director, Division of Local Finance

Ms. Joyce Welborn  
Board Coordinator, Division of Local Finance

Mr. Bobby Lee  
General Counsel to the Comptroller

Mr. Dennis Dycus  
Director, Division of Municipal Audit

Mr. Bill Case  
Manager, Division of Municipal Audit