Tennessee Duck River Development Agency

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FY2013 Annual Report

December 31, 2013

State law requires that the Tennessee Duck River Development Agency (the "Agency") publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the financial statements, supplementary information and independent auditors' report of the Agency for the fiscal year ended June 30, 2013 along with a summary of major activity accomplishments in FY2013 and summary for FY2014 Program.

BACKGROUND

The Tennessee General Assembly created the Agency in 1965 as a comprehensive regional development agency. Its powers include the "control and development of the water resources" of those portions of the Duck River Watershed lying in Bedford, Coffee, Hickman, Marshall and Maury Counties. In 1998, the Agency's Board of Directors adopted the following new mission statement: "To develop, protect, and sustain a clean and dependable water resource for all citizens of the Duck River region." This change in the Agency's mission resulted from TVA discontinuing construction of the Columbia Reservoir. Seven area water systems contribute five cents per one thousand gallons of water sold into a trust that provides funding for water supply and water quality projects as well as operating expenses of the Agency.

SUMMARY OF MAJOR ACTIVITES AND ACCOMPLISHMENTS FOR FY2013

Other than performing administrative, accounting, financial management, and program management functions in support of the Agency's mission, the Agency was also involved in the following activities:

USGS Gauges: The United States Geological Survey operates four stream gauges for the Agency and TVA in a joint funding agreement. The gauges provide real time data and historical information to support the Oasis model that is used to monitor water-use trends and drought forecasting.

Regional Duck River Cleanup: More than 500 volunteers participated in cleanup activities on the Duck River. The Agency supports the clean-up by providing T-shirts and garbage bags to volunteers, in recognition of their commitment to a cleaner Duck River.

Regional Water Supply Program : The Duck River Comprehensive Regional Water Supply Plan was completed in late fall of 2010 and was approved by the Agency's Board of Directors. The Agency began implementing the Regional Water Supply Program (the "Program") in 2011 that consists of five programs and projects that are designed to meet water supply needs for 50 years with a 100-year vision in the Duck River Region. The five components of the program are listed below with updates:

- **Regional Drought Management Plan**
  The Regional Drought Management Plan was completed in 2013. The Agency will present the plan to TVA and request TVA to approve it as a plan of action when needed. The Plan is one part of a three-part request to TVA for regional water supply programs and projects.

- **Optimizing Normandy Reservoir Releases**
  The Optimizing Normandy Reservoir Releases report was finished in 2013. The report will be presented to TVA with a recommendation that a change be made in the Normandy Reservoir operating policy. The program is one part of a three-part request to TVA for regional water supply programs and projects.
- **Water Use Efficiency Program**
  The Water Use Efficiency Program will document how water is used in the Duck River Region and offer recommendations for more efficiency use. This program will begin in FY2014.
- **Normandy Reservoir Capacity Improvements**
  The Normandy Reservoir Capacity Improvements project, Phase I, was completed in 2013. The Phase I (Stability Engineering Analyses) study determined the feasibility of the project. The Agency determined the project was feasible and the project will be presented to TVA to begin the environmental studies and engineering analyses. The project is one part of a three-part request to TVA for regional water supply programs and projects.
- **Maury County Regional Water Supply Program**
  A regional water supply feasibility study for the Maury County region was conducted in 2013.

SUMMARY OF MAJOR ACTIVITES FOR FY2014

USGS Gauges: The Agency renewed its annual contract with USGS to operate gauging stations at Rock Creek, Fountain Creek, Milltown and Sowell Mill Pike Bridge on October 1, 2013.

Regional Duck River Cleanup: The Agency will provide T-shirts and plastic garbage bags for volunteers committed to a cleaner Duck River.

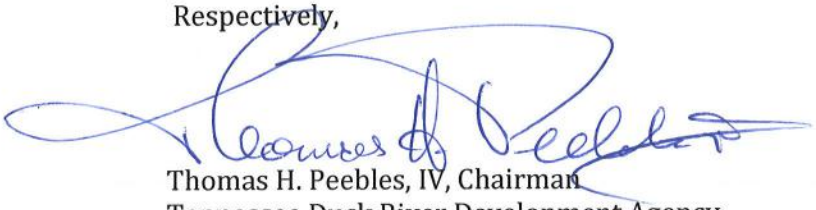
Regional Water Supply Program :

- **Regional Drought Management Plan**
  The Regional Drought Management Plan will be submitted to TVA in 2014 for approval as an action plan when needed during extended drought periods.
- **Optimizing Normandy Reservoir Releases**
  The Optimizing Normandy Reservoir Release report will be presented to TVA with a recommendation that a change be made in Normandy Reservoir operating policy that will conserve reservoir water during an extended drought period.
- **Water Use Efficiency Program**
  Development of a master plan for water use efficiency in the Duck River Region will be initiated in 2014.
- **Normandy Reservoir Capacity Improvements**
  The Normandy Reservoir Capacity Improvements project will be submitted to TVA with a request that TVA change the Reservoir Flood Guide Policy for Normandy Reservoir to allow the winter elevation to be increased five feet for additional new water.
- **Maury County Regional Water Supply Program**
  A Maury County Regional Water Supply Strategic Plan will be developed in 2014.

The Duck River Agency is committed to providing sustainable long term water supply to meet all needs in the Duck River Region. If you have any questions about the Agency's program please

contact Doug Murphy, Executive Director, doug@duckriveragency.org or Linda Carr, Director of Finance, linda@duckriveragency.org or office (931)684-7820.

Respectively,



Thomas H. Peebles, IV, Chairman
Tennessee Duck River Development Agency