BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2013 AND 2012

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CITY OF BRENTWOOD
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2013

Elected:

Mayor	Betsy Crossley
Vice Mayor	Jill Burgin
Commissioner	Anne Dunn
Commissioner	Rod Freeman
Commissioner	Mark Gorman
Commissioner	Rhea E. Little, III
Commissioner	Regina R. Smithson

Appointed:

City Manager	Kirk Bednar
Assistant City Manager	Jay Evans
City Attorney	Roger A. Horner
City Recorder	Deborah Hedgepath
Finance Director	Carson K. Swinford
City Treasurer	Karen W. Harper
Human Resource Director	Michael Worsham
Police Chief	Jeff Hughes
Fire Chief	Brian Gross
Planning and Codes Director	Jeff Dobson
Public Works Director	Jeff Donegan
Engineering Director	Mike Harris
Water and Sewer Director	Chris Milton
Library Director	Susan Earl
Community Relations Director	Linda Lynch
Parks and Recreation Director	David M. Bunt
Technology Director	John I. Allman, IV
City Judge	Laurie Jewett

KraftCPAs PLLC

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Board of Commissioners
Brentwood Emergency Communications District
Brentwood, Tennessee

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Brentwood Emergency Communications District (a component unit of the City of Brentwood, Tennessee) (the "District"), as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements which collectively comprise the District's basic financial statements for the years then ended as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KraftCPAs PLLC - Certified Public Accountants and Consultants
555 Great Circle Road • Nashville, TN 37228 • Phone 615-242-7351 • Fax 615-782-4271 • www.kraftcpas.com

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Brentwood Emergency Communications District, as of June 30, 2013 and 2012, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 - 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues and Expenses - Budget to Actual (Non-GAAP) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Revenues and Expenses - Budget to Actual (Non-GAAP) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues and Expenses - Budget to Actual (Non-GAAP) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KraftCPAs PLLC

Nashville, Tennessee
December 19, 2013

Management's Discussion and Analysis

This section of the Brentwood Emergency Communications District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal years ended June 30, 2013 and 2012. This section should be read in conjunction with the financial statements and accompanying notes, which follow this section.

The Brentwood Emergency Communications District is presented as a blended component unit within the proprietary funds of the City of Brentwood (the "City" or "primary government"), located in Williamson County, Tennessee. The District was authorized in September 2002 in accordance with §24-52 of the *Brentwood Municipal Code*, the Board of Commissioners of the City of Brentwood and pursuant to the Tennessee Emergency Communications District Law. The District provides for operation, maintenance, funding and enhancement of the City's existing emergency communications system. The costs of these services are funded by monthly telephone subscriber service fees.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's financial statements. The financial report includes financial statements, notes to the financial statements and other supplementary information. The statement of net position (previously net assets) presents information on the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of revenues, expenses and changes in net position presents information on the revenues and expenses. The statement of cash flows presents the cash provided and used by operating activities as well as other cash sources and cash payments such as investment income, capital additions and transfers to or from the City.

Financial Highlights

District's Net Position

	2013	2012	2011
Current Assets	$ 1,597,289	$ 996,478	$ 1,353,455
Capital Assets	1,141,457	1,314,814	628,939
Total Assets	2,738,746	2,311,292	1,982,394
Current Liabilities	156,330	150,526	143,161
Investment in Capital Assets	1,141,457	1,314,814	628,939
Unrestricted Net Position	1,440,959	845,952	1,210,294
Net Position	$ 2,582,416	$ 2,160,766	$ 1,839,233

District's Changes in Net Position

	2013	2012	2011
Operating Revenues	$ 897,741	$ 868,227	$ 852,868
Operating Costs and Expenses	1,201,884	1,168,853	1,070,215
Operating Loss	(304,143)	(300,626)	(217,347)
Interest Income	7,093	7,107	11,796
Contributions from the primary government	418,700	418,700	418,700
Miscellaneous Income	-	196,352	-
Tennessee Emergency Communications Board - grants and reimbursements	300,000	-	363,077
Change in Net Position	$ 421,650	$ 321,533	$ 576,226

Operating and Nonoperating Revenues

The Brentwood Emergency Communications District total operating revenue was $897,741 for the year ended June 30, 2013 ($868,227 for the year ended June 30, 2012).

Subscriber fees for FY 2013 amounted to $535,498, a decrease of $38,535 (6.7%) from prior years fees of $574,033. Shared wireless revenue amounted to $91,089 in FY 2013, a 5.6% increase from FY 2012 revenue of $86,283.

During 2013 the District had non-operating revenue, excluding contributions from the primary government, of $307,093, resulting from interest income and $300,000 which came in the form of an equipment reimbursement from the Tennessee Emergency Communications Board for a backup generator and uninterrupted power supply.

During 2012 the District had non-operating revenue, excluding contributions from the primary government, of approximately $203,000, resulting from interest income and miscellaneous income from a legal settlement of approximately $196,000 (see Note 11). In both 2012 and 2013 the District received approximately $419,000 in contributions from the primary government.

Operating Expenses

Operating expenses of the District increased to $1,201,884 for FY 2013 compared with $1,168,853 for FY 2012 primarily due to increased depreciation expense.

Capital Expenditures

During the fiscal year ended June 30, 2013, the District purchased assets of approximately $300 which consisted of furniture and fixtures. For the fiscal year ended June 30, 2012, the District purchased assets of approximately $824,000, primarily consisting of building improvements and communications equipment. These FY 2012 equipment purchases were needed to bring the current public safety communications system up to State standards for Next-Generation 911 requirements. Equipment purchases in fiscal year 2012 included an Uninterrupted Power Supply ($159,000), a Backup Generator ($199,000), a NG-911 compatible Controller ($220,000) and Radio Console replacement ($260,000). In addition, building improvements were needed to expand the dispatch center to accommodate the required new technology.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Brentwood
Attn: Finance Director
P. O. Box 788
Brentwood, Tennessee 37024-0788
E-mail: financedirector@brentwood-tn.org

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

STATEMENTS OF NET POSITION

JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash	$ 1,501,588	$ 881,068
Accounts receivable	91,251	115,410
Prepaid expense	4,450	-
TOTAL CURRENT ASSETS	1,597,289	996,478
CAPITAL ASSETS, net of accumulated depreciation	1,141,457	1,314,814
TOTAL ASSETS	2,738,746	2,311,292
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	10,710	9,494
Accrued expenses	105,235	110,252
Net amount due to primary government	40,385	30,780
TOTAL CURRENT LIABILITIES	156,330	150,526
COMMITMENTS		
NET POSITION		
Investment in capital assets	1,141,457	1,314,814
Unrestricted	1,440,959	845,952
TOTAL NET POSITION	$ 2,582,416	$ 2,160,766

See accompanying notes to financial statements.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
OPERATING REVENUES		
Emergency telephone subscriber fees	$ 535,498	$ 574,033
Tennessee Emergency Communications Board - shared wireless charge	91,089	86,283
Tennessee Emergency Communications Board - operational funding	271,154	207,911
TOTAL OPERATING REVENUES	897,741	868,227
OPERATING COSTS AND EXPENSES		
Salaries and wages	555,308	570,832
Employee benefits	266,647	262,032
Contracted services	106,054	86,264
Supplies and materials	90,313	101,615
Other charges	9,922	9,894
Depreciation	173,640	138,216
TOTAL OPERATING COSTS AND EXPENSES	1,201,884	1,168,853
OPERATING LOSS	(304,143)	(300,626)
NONOPERATING REVENUES		
Interest income	7,093	7,107
Contributions from primary government	418,700	418,700
Tennessee Emergency Communications Board - grants and reimbursements	300,000	-
Miscellaneous income	-	196,352
TOTAL NONOPERATING REVENUES	725,793	622,159
CHANGE IN NET POSITION	421,650	321,533
NET POSITION - BEGINNING OF YEAR	2,160,766	1,839,233
NET POSITION - END OF YEAR	$ 2,582,416	$ 2,160,766

See accompanying notes to financial statements.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 921,900	$ 859,279
Payments to employees	(826,972)	(818,271)
Payments to suppliers	(199,918)	(205,001)
NET CASH USED IN OPERATING ACTIVITIES	(104,990)	(163,993)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Miscellaneous income received	-	196,352
Contributions from primary government	418,700	418,700
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	418,700	615,052
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(283)	(824,091)
State Emergency Communications Board - grants and reimbursements	300,000	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	299,717	(824,091)
NET CASH PROVIDED BY INVESTING ACTIVITIES		
Interest income	7,093	7,107
NET INCREASE (DECREASE) IN CASH	620,520	(365,925)
CASH - BEGINNING OF YEAR	881,068	1,246,993
CASH - END OF YEAR	$ 1,501,588	$ 881,068
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (304,143)	$ (300,626)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	173,640	138,216
(Increases) decreases in assets and increases (decreases) in liabilities:		
Accounts receivable	24,159	(8,948)
Prepaid expenses	(4,450)	-
Accounts payable	1,216	(25,074)
Accrued expenses	(5,017)	14,593
Net amount due to primary government	9,605	17,846
TOTAL ADJUSTMENTS	199,153	136,633
NET CASH USED IN OPERATING ACTIVITIES	$ (104,990)	$ (163,993)

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Brentwood Emergency Communications District of the City of Brentwood (the "District") was authorized by the Board of Commissioners of the City of Brentwood (the "City") on September 10, 2002, in accordance with §24-52 of the *Brentwood Municipal Code*, and the Tennessee Emergency Communications District Law. This authorization occurred after the citizens of the City of Brentwood approved by a majority vote in August 2002, the creation of a Brentwood Emergency Communications District. The purpose of the District is to provide for public health, safety and welfare through effective and efficient emergency communications services which will result in saving lives, preventing and mitigating injuries, reducing the destruction of property, and facilitating faster apprehension of criminals. Prior to authorization of the District, the City of Brentwood's General Fund reported all related costs for emergency communications activities and expenditures.

The service providers for land lines retain a three percent (3%) administrative collection fee for billing and collecting telephone service charges and remittances to the District. Subscriber fee revenues are reported net of these collection fees.

In addition, the City of Brentwood paid a communication service charge on behalf of the District to the service suppliers at a flat monthly recurring rate for one-party residence and business exchange access service within the geographic area. The monthly rate for 2013 was $7,080 and for 2012 was $7,030. Both the 2013 and 2012 rates are based on a charge of $130 per one thousand access lines for the major service provider and $110 per one thousand access lines for the other service suppliers.

Organization

The accompanying financial statements encompass the financial activities of the District, a component unit of the City of Brentwood, Tennessee, which is the principal reporting entity and primary government. Pursuant to T.C.A. §7-86-105(b)(7), the Board of Commissioners of the City of Brentwood is designated as the board of directors for the District, and all duly elected members of the Board of Commissioners serve as members of the District's board of directors, unless any member is removed pursuant to state law. The terms of the members of the Board of Commissioners run concurrently with their terms as members of the District's board of directors. Unless otherwise decided by majority vote of the members of the board of directors, the mayor shall serve as chairman and the vice-mayor as vice-chairman of the board of directors.

The District adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* The objective of GASB Statement No. 63 was to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The statement was implemented retroactively and resulted in a change in the presentation of the statement of net assets to what is now referred to as the statement of net position and the term "net assets" is changed to "net position" throughout the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (continued)

The District also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* during 2013. Implementation of GASB Statement No. 65 did not have a significant effect on the District's financial presentation.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Grants and similar items are recognized as revenue as soon as all eligible requirements imposed by the provider have been met. With this measurement focus, all assets and liabilities associated with operations are included in the statement of net position. Net position is separated between investment in capital assets and unrestricted components.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's ongoing operations. The principal operating revenues of the District are emergency telephone charges levied on residential and business service users. Operating expenses include the cost of providing these services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash

Cash consists of a demand deposit account with a financial institution.

Capital Assets and Depreciation

Building improvements, furniture and fixtures and equipment are reported at cost at the date of purchase. The District's policy is to generally capitalize purchases of $500 or more and an expected useful life greater than one year. Depreciation is calculated by the straight-line method over estimated useful lives of five to fifteen years. When depreciable assets are sold, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is recognized. Costs of maintenance and repairs are charged to expense as incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The District's employees are considered employees of the City of Brentwood. The City's personnel policy permits employees to accumulate earned but unused annual (vacation) leave and sick days. Annual leave days may accumulate to a maximum of 30 days for employees with up to 5 years of service, 45 days for employees with up to 20 years of service, and 60 days for employees with 20 or more years of service. There is no maximum number of sick days which may be accumulated. Upon termination, employees receive payment for accumulated annual leave days. The City Manager has the authority to pay employees who resign from employment of the City up to 50% of the accrued sick days up to a maximum payment of 30 days. A liability for accumulated compensated absences is accrued when incurred.

Accounts Receivable

Accounts receivable consist primarily of amounts due from service suppliers and the Tennessee Emergency Communications Board for subscriber and wireless fee revenues earned but not collected at year end. Accounts receivable are deemed to be fully collectible by management and no allowance for bad debts is considered necessary at June 30, 2013 and 2012.

Revenue and Expense Recognition

Subscriber fee revenues and related direct costs are recognized in the period in which monthly subscriber fees are billed by the service supplier. Any subscriber accounts subsequently determined to be uncollectible are charged against revenues at that time. In management's opinion, such reporting does not materially affect the financial statements.

Wireless telephone service providers charge $1.00 per line monthly, which is then paid to the Tennessee Emergency Communications Board (the "TECB"). In accordance with T.C.A. §7-86-303(d), the TECB shall disburse 25% of such revenue to emergency communications districts based on the proportion of population of that district according to the most recent census. Shared wireless revenues are recognized by the District in the period the surcharge is assessed by the service provider.

Grant revenue is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant.

In October 2006, the TECB approved additional funding from wireless revenues that will be provided annually to the local emergency communications districts. The District's allocable share of such revenues and other operational funding amounted to $271,154 for 2013 and $207,911 for 2012, which has been recognized under operating revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of the District's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior year balances have been reclassified to conform to the current year's presentation.

NOTE 2 - CUSTODIAL CREDIT RISK - DEPOSITS

Statutes authorize the District to invest in: (1) U. S. Government securities and obligations guaranteed by the U. S. Government; (2) deposit accounts at state and federal chartered banks and savings and loan associations; and (3) the Local Government Investment Pool of the State of Tennessee. The District's cash is held by a financial institution that participates in the bank collateral pool administered by the Treasurer of the State of Tennessee. Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

Custodial risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The City, which includes the District, minimizes this risk by requiring full collateralization on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit, except when the institution issuing the certificate of deposit belongs to the State of Tennessee bank collateral pool. As of June 30, 2013, the District's deposits were fully insured or collateralized.

NOTE 3 - CAPITAL ASSETS

Schedules of changes in capital assets follow for the years ended June 30:

	2013			
	Beginning of Year	Increases	Decreases	End of Year
Capital assets being depreciated:				
Building improvements	$ 320,072	$ -	$ -	$ 320,072
Furniture and fixtures	80,911	283	-	81,194
Equipment	1,529,649	-	-	1,529,649
Total capital assets being depreciated	1,930,632	283	-	1,930,915
Less accumulated depreciation for:				
Building and improvements	(15,700)	(24,256)	-	(39,956)
Furniture and fixtures	(9,968)	(10,975)	-	(20,943)
Equipment	(590,150)	(138,409)	-	(728,559)
Total accumulated depreciation	(615,818)	(173,640)	-	(789,458)
Capital assets, net	$ 1,314,814	$ (173,357)	$ -	$ 1,141,457

NOTE 3 - CAPITAL ASSETS (CONTINUED)

	2012			
	Beginning of Year	Increases	Decreases	End of Year
Capital assets not being depreciated:				
Construction in progress	$ 478,428	$ 570,754	$ (1,049,182)	$ -
Total capital assets not being depreciated	478,428	570,754	(1,049,182)	-
Capital assets being depreciated:				
Building improvements	60,615	259,457	-	320,072
Furniture and fixtures	5,736	75,175	-	80,911
Equipment	561,762	967,887	-	1,529,649
Total capital assets being depreciated	628,113	1,302,519	-	1,930,632
Less accumulated depreciation for:				
Building and improvements	(1,010)	(14,690)	-	(15,700)
Furniture and fixtures	(4,964)	(5,004)	-	(9,968)
Equipment	(471,628)	(118,522)	-	(590,150)
Total accumulated depreciation	(477,602)	(138,216)	-	(615,818)
Capital assets, net	$ 628,939	$ 1,735,057	$ (1,049,182)	$ 1,314,814

NOTE 4 - TAX-EXEMPT STATUS

The District is exempt from federal and state taxation as it is deemed to be a government entity. Accordingly, no income taxes have been provided.

NOTE 5 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains insurance coverage through the Tennessee Municipal League Risk (“TML”) Management Pool, covering each of those risks of loss. The TML Pool is a cooperative risk sharing arrangement between local government agencies that works in many ways like a traditional insurer. The District pays a premium, receives coverage, and can make claims against that coverage. The District meets the TML Pool’s guidelines and complies with its rules and regulations, including loss control requirements as well as its underwriting standards. Rates of the TML Pool are actuarially projected to provide adequate funding to cover loss reserves and expenses, as well as building contingency reserves. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Beginning with calendar year 2010, the City (which includes the District’s employees) modified its fully insured employee group health insurance plan to include a high-deductible ($5,000) and high max out-of-pocket ($6,500) plan coupled with a City-funded Health Reimbursement Arrangement (HRA). The HRA was implemented to effectively limit the employee deductible and max out-of-pocket to $1,000 ($2,000 for dependent coverage). The City established the Health Insurance Fund, which functions as an internal service fund, to account and finance its HRA claims obligations and insurance premiums related to employee health and vision insurance coverage. Effective January 1, 2011, the City terminated its fully insured employee group health insurance plan, and established a partially self-funded insurance plan coupled with the existing city funded HRA. Under the partially self-funded insurance plan, which is administered by Blue Cross Blue Shield of Tennessee, the City is liable through the HRA for up to $5,500 of the first $6,500 of individual employee claims with the employee being liable for up to $1,000 out of pocket. The City then assumes liability for additional individual medical claims up to $60,000. To help mitigate losses from high-dollar medical claims beyond the HRA combined City and employee liability of $65,500 and the employee’s out of pocket maximum of $1,000 (total of $66,500 funded amount), the City purchased catastrophic insurance coverage plans for Specific Stop Loss and Aggregate Stop Loss coverage. Specific Stop Loss coverage limits the City’s potential liability for a single catastrophic claim by covering all costs for an individual member once those costs exceed $60,000 over and above the HRA funded amount and employee out of pocket maximum. Aggregate stop loss coverage caps the City’s liability for all claims in the entire plan at an agreed upon dollar amount. In calendar year 2013, the aggregate stop loss threshold is $1.5 million.

The City continues to carry commercial insurance for other risks of loss, including general liability, property and casualty, and workers’ compensation. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 6 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the District to concentrations of credit risk consist principally of accounts receivable. Accounts receivable represent concentrations of credit risk to the extent they are receivable from concentrated sources. Receivables consist of unremitted fees paid by telephone service subscribers to telephone service providers.

NOTE 7 - BUDGETS

Prior to May 15 of each year, the Director submits to the District's Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1. Prior to June 30, the budget is legally enacted through passage of an ordinance by the Board of Commissioners. The budget prepared is consistent with accounting principles generally accepted in the United States of America ("GAAP").

The Director is authorized to transfer budgeted amounts between categories within the District; any revisions that alter the total appropriations for the District must be approved through the passage of an ordinance by the Board of Commissioners. The Accounting and Reporting Manual for Tennessee Emergency Communications Districts requires the legal level of control to be at the line item level. Budget-to-actual financial statements are provided to the Board on a monthly basis.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Contributions Information

Employees of the District are included with the employees of the City of Brentwood in the City's post retirement benefit plan, which is a single-employer defined benefit plan (the "OPEB Plan"). The OPEB Plan provides medical and life insurance benefits to eligible retirees and their spouses. The benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City.

Membership in the plan consisted of the following (District employees are included in the category general government) at January 1, 2013, the date of the latest actuarial evaluation:

	General Government	Fire/Police	Total
Active employees	126	113	239
Retired employees	9	1	10
Total	135	114	249
Participating employers			1

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

Employees are fully eligible for postretirement medical and life insurance once they reach the age of 55 with 20 years of service with the City. For employees hired prior to July 1, 2005, the City will pay 100 percent and 50 percent of total cost of premiums for retirees and dependents, respectively. For employees hired post July 1, 2005, the City will pay a portion of the cost of premiums based on years of service at time of retirement, and dependent's cost of premiums will be paid entirely by the retiree. The retiree medical plan is assumed to be the primary plan of benefits prior to age 65. For retirees who have reached age 65, were hired prior to July 1, 2005 and retired after July 1, 2002, the City reimburses the cost of a Medicare supplement up to 50% of the City's cost for employee coverage under the group insurance plan.

Funding Policy

The contribution requirements are established and may be amended by the Board of Commissioners. The required contribution is based on an actuarial valuation utilizing the entry age normal method. During 2008, the City prefunded a trust account, administered by ICMA Retirement Corporation, in the amount of $2,260,000, which included the 2008 annual required contribution of $598,000, less amounts paid as premium benefits. For fiscal year 2013, the City contributed $635,575 to the Trust and withdrew $192,822 to pay benefits. The prefunding will reduce the annual required contribution in future years. All contributions were made by the employer (no contributions by active or retired employees). Employer contributions are calculated as 5.03 percent of covered payroll.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statement 45.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (asset) for the years ended June 30:

	2013	2012
Annual required contribution	$ 652,143	$ 621,571
Interest on net OPEB obligation	(107,568)	(107,568)
Adjustment to annual required contribution	91,000	68,207
Annual OPEB cost (expense)	635,575	582,210
Contributions made	(635,575)	(582,210)
Increase (decrease) in net OPEB obligation	-	-
Net OPEB obligation (asset) - beginning of year	(1,749,078)	(1,749,078)
Net OPEB obligation (asset) - end of year	$ (1,749,078)	$ (1,749,078)

The District's portion of the annual required contribution and actual contribution made was $21,255 each year for the years ended June 30, 2013 and 2012. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	$ 613,541	100 %	$ (1,749,078)
2012	582,210	100	(1,749,078)
2013	635,575	100	(1,749,078)

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the plan was 61.2 percent funded. The actuarial accrued liability for benefits was $9,569,585 and the actuarial value of assets was $5,853,881 resulting in an unfunded actuarial accrued liability (UAAL) of $3,715,704. The covered payroll (annual payroll of active employees covered by the plan) was $12,672,263 and the ratio of the UAAL to the covered payroll was 29.3 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplemental information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2013 actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 6.15 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of eight percent initially, reduced by decrements to an ultimate rate of five percent after six years. Both rates include a six percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2013 was twenty-four years.

The OPEB Plan does not issue separate financial statements, and as such, all required disclosures and supplementary information are included as part of the City's annual financial report.

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM AND PLAN

Plan Description

Employees of the District are included with the employees of the City of Brentwood and are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 (five) years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after 5 (five) years of service and members joining prior to July 1, 1979 were vested after 4 (four) years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the City participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at www.treasury.tn.gov/tcrs.

Funding Policy

For eligible employees hired before January 1, 2010, the City adopted a noncontributory retirement plan by assuming employee contributions up to 5% of annual covered payroll.

For eligible employees hired after January 1, 2010, the City adopted a new Tennessee Consolidated Retirement System program that requires a 5% employee payroll contribution toward the cost of the retirement system.

The City is required to contribute at an actuarially determined rate; the rate for the year ending June 30, 2012 was an aggregate of 16.91% of annual covered payroll, which includes public safety employees at 18.62% and all other employees at 15.12%. The contribution requirement of plan members is set by state statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (CONTINUED)

Annual Pension Cost

For the years ended June 30, 2013 and 2012, the City's annual pension costs to TCRS were equal to the City's required and actual contributions. The District's applicable annual pension costs were $96,722 in 2013 and $96,933 in 2012. The required contribution was determined as part of the July 1, 2011 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 3.0 percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011 was two years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2013	$2,210,115	100.00%	$0.00
2012	$2,152,535	100.00%	$0.00
2011	$2,164,396	100.00%	$0.00

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 96.68% percent funded. The actuarial accrued liability for benefits was $34.14 million, and the actuarial value of assets was $33.00 million, resulting in an unfunded actuarial accrued liability (UAAL) of $1.13 million. The covered payroll (annual payroll of active employees covered by the plan) was $12.82 million, and the ratio of the UAAL to the covered payroll was 8.85%.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (CONTINUED)

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

(dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2011	$ 33,003	$ 34,138	$ 1,135	96.68%	$ 12,818	8.85%

NOTE 10 - DEFERRED COMPENSATION PLANS

Employees of the District are included with the employees of the City of Brentwood in the City’s deferred compensation plans created in accordance with Internal Revenue Code Section 457 and 401(a). The plans, available to all full-time City employees at their option, permit participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

The plan’s investments are held in trust by ICMA Retirement Corporation and Nationwide Retirement Services.

Upon two years of full-time service, the City matches, on a dollar for dollar basis, a maximum of up to 3% of the employee’s base salary. The District’s match for the year ended June 30, 2013 totaled $7,617 ($7,595 in 2012).

NOTE 11 - MISCELLANEOUS INCOME

During 2012, the ECD received a settlement payment from a service provider resulting from fees not properly charged to certain business subscribers. The settlement payment is reported as non-operating miscellaneous income net of the related legal and other expenses.

REQUIRED SUPPLEMENTARY INFORMATION

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

SCHEDULE OF FUNDING PROGRESS
FOR THE CITY OF BRENTWOOD, TENNESSEE

POLITICAL SUBDIVISION PENSION PLAN
SUPPLEMENTARY INFORMATION (UNAUDITED)

JUNE 30, 2013 AND 2012

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2011	$ 33,003	$ 34,138	$ 1,135	96.68%	$ 12,818	8.85%
July 1, 2009	$ 24,111	$ 25,877	$ 1,766	93.18%	$ 12,952	13.63%
July 1, 2007	$ 19,892	$ 22,095	$ 2,203	90.03%	$ 11,794	18.68%

The Governmental Accounting Standards Board ("GASB") requires the plan to prepare a Schedule of Funding Progress using the entry age actuarial cost method.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

SCHEDULE OF FUNDING PROGRESS
AND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE CITY OF BRENTWOOD, TENNESSEE

OTHER POST EMPLOYMENT BENEFITS
SUPPLEMENTAL INFORMATION (UNAUDITED)

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Unit Credit	Unfunded Aal (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
01/01/09	$ 2,776,979	$ 7,535,684	$ 4,758,705	36.9%	$ 12,792,110	37.2%
01/01/11	$ 4,179,023	$ 8,260,634	$ 4,081,611	50.6%	$ 12,472,750	32.7%
01/01/13	$ 5,853,881	$ 9,569,585	$ 3,715,704	61.2%	$ 12,672,263	29.3%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Employer Contributions		
Year Ended June 30	Annual Required Contribution	Percentage Contributed
2011	$ 659,800	93.0 %
2012	$ 621,571	93.7 %
2013	$ 652,143	97.5 %

ADDITIONAL INFORMATION

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

	BUDGETED AMOUNTS			OVER
	ORIGINAL	FINAL	ACTUAL	(UNDER)
OPERATING REVENUES				
Subscriber fees:				
Emergency telephone service charges	$ 580,000	$ 580,000	$ 535,498	$ (44,502)
Tennessee Emergency Communications Board - shared wireless charge	82,000	82,000	91,089	9,089
Tennessee Emergency Communications Board - operational funding	219,155	219,155	271,154	51,999
TOTAL OPERATING REVENUES	881,155	881,155	897,741	16,586
OPERATING COSTS AND EXPENSES				
Salaries and wages:				
Salaries - dispatchers	537,080	511,755	483,836	(27,919)
Salaries - overtime pay	42,190	57,205	57,201	(4)
Shift differential	11,100	11,100	9,791	(1,309)
Longevity	4,940	4,940	4,480	(460)
Employee benefits:				
Social security	45,630	48,595	48,589	(6)
Life insurance	2,160	2,160	1,890	(270)
Medical insurance	88,440	88,440	88,440	-
Dental insurance	3,000	3,000	1,522	(1,478)
Retirement contributions	89,500	96,725	96,722	(3)
Other post-employment benefits	21,255	21,255	21,255	-
Supplemental retirement - Section 457 Plan	7,500	7,620	7,617	(3)
Sick leave buy-backs	1,000	1,000	612	(388)
Attendance bonus	1,000	1,000	-	(1,000)
Annual leave buy-backs	1,000	1,000	-	(1,000)
Contracted services:				
Audit services	7,900	8,780	8,775	(5)
Mapping/database expenses	10,000	10,000	10,000	-
Lease/rental - building and facilities	31,800	31,800	31,800	-
Lease/rental - office equipment	10,000	10,000	6,000	(4,000)
Maintenance and repairs - communications equipment	60,000	60,000	46,027	(13,973)
Other contracted services	10,000	9,120	3,452	(5,668)
Supplies and materials:				
Office supplies	2,500	1,820	1,466	(354)
Uniforms and shirts	5,500	5,500	2,091	(3,409)
Utilities - general telephone	115,000	110,000	83,778	(26,222)
Other supplies and materials	2,300	2,980	2,978	(2)
Other charges:				
Dues and memberships	6,000	5,865	1,682	(4,183)
Periodical subscriptions	4,000	4,000	2,063	(1,937)
Insurance - workers' compensation	3,145	3,145	3,145	-
Insurance - liability	1,400	2,360	2,359	(1)
Premiums on surety bonds	1,000	40	13	(27)
Travel expenses	5,000	5,000	527	(4,473)
Other charges - miscellaneous	-	135	133	(2)
TOTAL OPERATING COSTS AND EXPENSES	1,131,340	1,126,340	1,028,244	(98,096)
Depreciation	170,000	175,000	173,640	(1,360)
TOTAL EXPENSES	1,301,340	1,301,340	1,201,884	(99,456)
NONOPERATING REVENUES (EXPENSES)				
Interest income	5,000	5,000	7,093	2,093
Contributions from primary government	418,700	418,700	418,700	-
Tennessee Emergency Communications Board - grants and reimbursements	-	-	300,000	300,000
TOTAL NONOPERATING REVENUES	423,700	423,700	725,793	302,093
EXCESS OF REVENUES OVER EXPENSES	$ 3,515	$ 3,515	$ 421,650	$ 418,135

OTHER REPORT

KraftCPAs PLLC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Mayor and
Board of Commissioners
Brentwood Emergency Communications District
Brentwood, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Brentwood Emergency Communications District (a component unit of the City of Brentwood, Tennessee) (the "District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated December 19, 2013.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operations of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

KraftCPAs PLLC - Certified Public Accountants and Consultants
555 Great Circle Road • Nashville, TN 37228 • Phone 615-242-7351 • Fax 615-782-4271 • www.kraftcpas.com

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

PURPOSE OF THIS REPORT

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KraftCPAs PLLC

Nashville, Tennessee
December 19, 2013