TENNESSEE DUCK RIVER DEVELOPMENT AGENCY

FINANCIAL STATEMENTS, REQUIRED SUPPLEMENTARY INFORMATION AND INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2015

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TENNESSEE DUCK RIVER DEVELOPMENT AGENCY
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2015

BOARD OF DIRECTORS:

Director	Director Position	DRA Officer Position
Charles McDonald	Bedford County Citizen	
Bill Brown	Coffee County Citizen	
Hershel Mayberry	Hickman County Citizen	
Tony White	Marshall County Citizen	
Joanne Pogue	Maury County Citizen	Secretary/Treasurer
Tommy Peebles	Member-At-Large	Chairman
Eslick Daniel	Member-At-Large	Vice-Chairman
Jim Bingham	City Mayor-At-Large, Lewisburg	
Lonnie Norman	City Mayor-At-Large, Manchester	
Eugene Ray	County Mayor-At-Large, Bedford County	
Charlie Norman	County Mayor-At-Large, Maury County	
Brock Hill	Governor's Representative	

MANAGEMENT:

Executive Director: Doug Murphy
Director of Finance and Administration: Linda Carr

KraftCPAs PLLC

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Tennessee Duck River Development Agency
Shelbyville, Tennessee

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities and the major fund of the Tennessee Duck River Development Agency (the "Agency"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements 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 opinions on these financial statements based on our audit. We conducted our audit 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 opinions.

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Tennessee Duck River Development Agency, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 5 to the financial statements, in 2015, the Agency adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement 68, *Accounting and Reporting for Pensions - an Amendment of GASB Statement No 27.* Our opinion is not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 4 - 8, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, and the Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS on pages 25 - 26 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 Agency's basic financial statements. The General Fund Schedule of Revenues, Expenditures, and Net Changes in Fund Balance, Budget to Actual is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The General Fund Schedule of Revenues, Expenditures, and Net Changes in Fund Balance, Budget to Actual 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 General Fund Schedule of Revenues, Expenditures, and Net Changes in Fund Balance, Budget to Actual 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 January 19, 2016 on our consideration of the Agency'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 Agency's internal control over financial reporting and compliance.

Kraft CPAs PLLC

Columbia, Tennessee
January 19, 2016

As management of the Tennessee Duck River Development Agency (the "Agency"), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2015.

Financial Highlights

- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by $102,293 (*net position*). Except for investment in capital assets, all of this amount may be used to meet the Agency's ongoing obligations to projects and vendors.
- The Agency's total net position increased by $2,766. The Agency's budget included a minimal increase in net position and the Agency withdrew only necessary amounts from Trust B and the Water Supply escrow.
- As of the close of the current fiscal year, the Agency's General Fund reported ending fund balance of $43,161, an increase of $8,226 in comparison with the prior year. With the exception of amounts spent on prepaid expenses and deposits, the entire amount is *available for spending* at the Agency's discretion (*unrestricted net position*).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Agency's 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 Agency is improving or deteriorating.

The *statement of activities* presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The governmental activities of the Agency include the operating and administrative fund.

Fund financial statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The General Fund, the only fund of the Agency, is a governmental fund.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency maintains one governmental fund, the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund and is considered to be a major fund.

The Agency adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by $102,293 at the close of the most recent fiscal year.

A portion of the Agency's net position is invested in capital assets (e.g., land, buildings, and building improvements). There is no outstanding debt related to the Agency's capital assets. The Agency uses these capital assets to provide services to constituents; consequently, these assets are not available for future spending as of and for the year ended:

	2015	2014
Current assets	$ 80,105	$ 42,568
Pension assets	42,712	-
Capital assets	22,886	28,915
Total assets	145,703	71,483
Deferred outflows related to pension contributions	1,896	-
Current liabilities	36,944	7,632
Deferred inflows related to pension activity	8,362	-
Investment in capital assets	22,886	28,915
Unrestricted net position	79,407	34,936
Total net position	$ 102,293	$ 63,851

*2014 net position shown in MD&A does not reflect the opening adjustment that was made to adopt GASB 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, reflected in Note 5 of the financial statements.

Government-wide Financial Analysis (Continued)

The remaining balance of unrestricted net position may be used to meet the Agency's ongoing obligations to constituents and creditors.

At the end of both the current and prior fiscal years, the Agency reported positive balances in both categories of net position. There was an increase of $2,766 in net position reported.

Governmental activities. Governmental activities make up the entire net position balance, thus are responsible for the changes in total net position. Key elements of this change are as follows:

	2015	2014
Revenues:		
Trust Fund B - administrative	$ 207,000	$ 170,600
Trust Fund B - program revenues	40,590	37,600
Water Supply Projects	166,048	80,637
Duck River cleanup	-	3,000
DRATAC programs - pathogen study	26,471	-
Total revenues	440,109	291,837
Expenses:		
Administration	199,034	199,469
Programs	238,309	121,227
Total expenses	437,343	320,696
Increase (decrease) in net position	2,766	(28,859)
Net position - beginning of the year *	99,527	92,710
Net position - end of the year	$ 102,293	$ 63,851

*2014 net position shown in MD&A does not reflect the opening adjustment that was made to adopt GASB 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27,* reflected in Note 5 of the financial statements.

Financial Analysis of the Government's Funds

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Agency's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the Agency's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Agency. At the end of the current fiscal year, fund balance of the general fund was $43,161.

The fund balance of the Agency's General Fund increase $8,226 during the current fiscal year due to management expending less than budgeted for administrative items and projects.

General Fund Budgetary Highlights

The original budget was amended in fiscal year 2015 during the July 24, 2014 and April 23, 2015 Board meetings and a December 11, 2014 special called Board meeting. During these meetings, the following amendments to the original budget were approved: a one-time $5,000 grant to Tennessee Parks and Greenway Foundation not to exceed the original budget, $2,500 to be used for disability and health insurance in excess of the original budget, and a $30,000 time and materials contract with BDY not to exceed the original budget, which was then re-approved to be in excess of the original budget.

Significant budget to actual variations are explained below:

- It is management's strategy to limit withdrawals from Trust B to necessary expenses in administrative uses. During 2015, management was able to leave $797 of the $207,797 revenue budget in Trust B for future projects by operating under budget on various administrative expenses and beginning the fiscal year with reserves in the operating account.

- The only individual line of administrative expenses significantly under budget was training expenses at $2,570 under budget. Total administrative expenses were $10,483 less than budgeted.

- The agency also expended $26,446 less than budgeted during 2015 on water supply projects as detailed below:

    - Normandy Capacity Improvements Phase I and II: Phase I and II are close to completion and were done under budget.

    - Program Management and Maury County Intake: Additional work was added to these projects in 2015.

    - Water-Use Efficiency Program: The budget for the Water-Use Efficiency Program is for O'Brien & Gere to assist with developing the program and help hiring a company to design and implement the program. By the end of fiscal year 2015, a company had not been hired. This budget will be carried forward into fiscal year 2016. (The program name has been changed to "Water Management Program".)

    - Optimizing Normandy Reservoir Releases and Drought Management Plan: Little work was required on these activities for fiscal year 2015.

    - HydroLogics: The budget for HydroLogics is for modeling as needed for drought management and water supply planning. The project began in 2015 and is currently under budget. The remaining budget will be carried forward into fiscal year 2016.

Capital Asset Administration

Capital assets. The Agency's investment in capital assets for its governmental type activities as of June 30, 2015, amounts to $22,886 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and building improvements. The decrease in total capital assets was due to annual depreciation of $6,030.

	2015	2014
Land	$ 6,000	$ 6,000
Buildings and improvements	10,696	16,336
Equipment	6,190	6,580
Total capital assets	$ 22,886	$ 28,916

Additional information on the Agency's capital assets can be found in Note 3 of the Financial Section of this report.

Economic Factors and Next Year's Budget

The Agency's revenues for operations are limited to a maximum of sixty percent of the contributions by seven water systems in the Duck River Region in the prior year. Since water system contributions for the fiscal year ended June 30, 2015 totaled $358,783, the Agency's 2016 fiscal year budget for the operating fund is limited to $215,270.

TENNESSEE DUCK RIVER DEVELOPMENT AGENCY

STATEMENT OF NET POSITION

JUNE 30, 2015

		PRIMARY GOVERNMENT
		GOVERNMENTAL ACTIVITIES
ASSETS		
Cash and cash equivalents - unrestricted	$	50,911
Due from Trust B		26,423
Prepaid expenses		2,471
Deposits		300
Net pension asset		42,712
Capital assets, net of accumulated depreciation		22,886
Total assets		145,703
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension contributions		1,896
LIABILITIES		
Contract payable and accrued expenses		36,944
Total liabilities		36,944
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension activity		8,362
NET POSITION		
Investment in capital assets		22,886
Unrestricted		79,407
Total net position	$	102,293

See accompanying notes to financial statements.

TENNESSEE DUCK RIVER DEVELOPMENT AGENCY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION GOVERNMENTAL ACTIVITIES
Governmental activities:			
Environmental programs	$ 238,309	$ 233,109	$ (5,200)
Administration	199,034	207,000	7,966
Total governmental activities:	$ 437,343	$ 440,109	2,766
	Net Position - beginning of year, as restated		99,527
	Net Position - end of year		$ 102,293

See accompanying notes to financial statements.

TENNESSEE DUCK RIVER DEVELOPMENT AGENCY

BALANCE SHEET

GOVERNMENTAL FUND

JUNE 30, 2015

		GENERAL FUND
ASSETS		
Cash and cash equivalents - unrestricted	$	50,911
Due from Trust B		26,423
Prepaid items		2,471
Deposits		300
TOTAL ASSETS	$	80,105
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Contracts payable and accrued expenses	$	36,944
FUND BALANCE		
Nonspendable		2,771
Unassigned		40,390
TOTAL FUND BALANCE		43,161
TOTAL LIABILITIES AND FUND BALANCE	$	80,105

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total Fund Balance	$	43,161
Net Pension Asset in governmental activities is not a current financial resource and therefore is not reported in the governmental funds Balance Sheet		42,712
Deferred inflows of resources that are not financial resources and therefore are not reported on the governmental fund Balance Sheet:		
Deferred inflows from actuarial assumptions		(8,362)
Deferred outflows from differences in estimated and actual experience		541
Employer contributions made since the measurement date are deferred outflows of resources in governmental activities, but have been expensed in the governmental funds Balance Sheet		1,355
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		22,886
Net Position of Governmental Activities	$	102,293

See accompanying notes to the financial statements.

TENNESSEE DUCK RIVER DEVELOPMENT AGENCY

STATEMENT OF REVENUES, EXPENDITURES, AND NET CHANGE IN FUND BALANCE

GOVERNMENTAL FUND

FOR THE YEAR ENDED JUNE 30, 2015

	GENERAL FUND
REVENUES	
Trust Fund B - administrative	$ 207,000
Trust Fund B - program revenues	40,590
Water supply projects	166,048
DRATAC programs - pathogen study	26,471
TOTAL REVENUES	440,109
EXPENDITURES	
Current:	
Environmental programs	238,309
Administration	193,574
TOTAL EXPENDITURES	431,883
EXCESS OF REVENUES OVER EXPENDITURES	8,226
NET CHANGE IN FUND BALANCE	8,226
FUND BALANCE, beginning of year	34,935
FUND BALANCE, end of year	$ 43,161

Amounts reported for governmental activities in the Statement of Activities are different from amounts reported for governmental funds in the Schedule of Revenues, Expenditures, and Net Change in Fund Balance because:

Net change in Fund Balance - Governmental Funds	$ 8,226
Governmental funds report capital outlays as expenditures. However, the cost of those assets is allocated over their useful lives and reported as depreciation expense for governmental activities.	(6,030)
Net pension contributions in excess of pension expense	570
Change in Net Position of Governmental Activities	$ 2,766

See accompanying notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General and nature of entity

The Tennessee Duck River Development Agency (the "Agency") was established by a Public Act of the General Assembly of the State of Tennessee (the "State") in 1965 for the purpose of developing the natural and economic resources of the Duck River Basin (TCA 64-1-601 as amended). A Board of Directors ("DRA Board"), whose members are appointed by the Governor of Tennessee, governs the Agency. In 1998, the Agency adopted a new mission - "to develop, protect, and sustain a clean and dependable water resource for all citizens of the Duck River region."

The Agency, in agreement with Tennessee Valley Authority (TVA) and the State of Tennessee, receives funding from two trust funds. The Water Supply Escrow Fund is to be used only for the support of new or improved water supply infrastructure projects in the Duck River Watershed. Trust Fund B (Trust B) receives a nickel for every 1,000 gallons of water sold by seven Water Systems in the Duck River region. It allows the Agency to make annual withdrawals for its administrative budget up to 60% of the prior year's total contributions to the fund, and additional amounts for projects not to exceed $50,000, provided the project is included in the Agency's Annual Work Plan. Other withdrawals may be made only with the written consent of both the Agency and a majority (60%) of the Water Systems.

Financial reporting entity

The financial statements present the accounts and operations of the Agency, which is the reporting entity. Because the Water Supply Escrow Fund and Trust Fund B are separate legal entities from the Agency, and the Agency is not financially accountable for the Water Supply Escrow Fund or Trust Fund B, the Trusts' assets, liabilities, and operations are excluded from the reporting entity.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the special purpose government.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting, and financial statement presentation

The government-wide 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 flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All revenues collected by the Agency are susceptible to accrual. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except for prepaid expenses, which are recognized when paid.

The *general fund* is the Agency's primary operating fund. It accounts for all financial resources of the Agency, and is reported as a major governmental fund.

Budgetary data

A schedule of revenues and expenditures for the general fund and net changes in fund balance, budget to actual is included as supplementary information, although the budget is not legally adopted. Formal budgetary accounting is employed as a management control by the Agency.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments that have an original maturity date when acquired of three months or less.

Statutes authorize the Agency 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; (3) the Local Government Investment Pool of the State of Tennessee; and (4) obligations of the United States or its agencies under repurchase agreements with certain restrictions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents (continued)

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. Financial institutions that participate in the bank collateral pool, as administered by the Treasurer of the State of Tennessee, determine the aggregate balance of their deposits for the System. Securities are pledged to the State Treasurer on behalf of the bank collateral pool as collateral for the participating institution's public deposits. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

Receivables

Receivables consist of payments due from other government agencies for contracted services and reimbursements due from Trust B and Water Supply Escrow for environmental program and project expenditures. Based on favorable collection history, no provision for uncollectible accounts receivable has been recorded.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital assets

Capital assets acquired for general governmental purposes are recorded as expenditures of the governmental fund and accounted for in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are recorded at estimated fair market value at the time received. Depreciation expense is recorded on a straight-line basis, with lives ranging from 5 - 20 years. The Agency applies a capitalization threshold whereby an individual asset with a per unit cost of $5,000 or more qualifies for capitalization. Certain exceptions may apply to this policy depending on the nature and expected life of the asset.

Deferred outflows of resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows in the June 30, 2015 financial statements consist of amounts related to pensions (differences in actual and expected experience and contributions after the measurement date).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net pension asset/liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the Agency's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Deferred inflows of resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items which arise, under the accrual and modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the governmental activities statement of net position and the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Actuarial gains related to pension assets are included in deferred inflows.

Net position

Government-wide net position is divided into three components:

- Investment in capital assets - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets, if applicable.
- Restricted net position - net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as the Agency's creditors and by other contributors. The Agency has no restricted net position as of June 30, 2015.
- Unrestricted net position - consists of all other net position that does not meet the definition of the above two components and is available for general use by the Agency.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund balances

In the governmental fund financial statements, fund balances are defined as follows:

- Nonspendable - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted - Amounts that can be spent only for specific purposes because of externally imposed conditions by grantors.
- Committed - Amounts that can be used only for specific purposes determined by a formal action by board of directors of the Agency. Conversely, to rescind or modify a fund balance commitment, action by the board of directors is also required.
- Assigned - Amounts that are designated by the board of directors or management for a particular purpose but do not meet the criteria to be restricted or committed.
- Unassigned - All amounts not included in other spendable classifications.

The Agency has no restricted, committed, or assigned fund balances as of June 30, 2015.

Use of restricted resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Agency's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Agency's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

NOTE 2 - CASH AND CASH EQUIVALENTS

As of June 30, 2015, the Agency's demand deposit accounts amounted to $50,761 and the petty cash balance amounted to $150. Bank balances for such accounts totaled $50,761, all of which was covered by federal depository insurance, or by an additional assessment agreement from financial institutions participating in the state collateral pool.

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of changes in capital assets for the year ended June 30, 2015, is presented below:

	Beginning Balance	Additions	Ending Balance
Governmental activities:			
Capital assets, not being depreciated:			
Land	$ 6,000	$ -	$ 6,000
Capital assets, being depreciated:			
Buildings and improvements	111,796	-	111,796
Equipment	7,800	-	7,800
Total capital assets, being depreciated	119,596	-	119,596
Less accumulated depreciation for:			
Buildings and improvements	(95,460)	(5,640)	(101,100)
Equipment	(1,220)	(390)	(1,610)
Total accumulated depreciation	(96,680)	(6,030)	(102,710)
Total capital assets, being depreciated, net	22,916	(6,030)	16,886
Governmental activities capital assets, net	$ 28,916	$ (6,030)	$ 22,886

Depreciation expense of $6,030 was charged to administration.

NOTE 4 - RISK MANAGEMENT

The Agency has purchased commercial insurance against the risk of losses on property, general liability, and workers compensation. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

NOTE 5 - RETIREMENT PLAN

Plan description

Employees of the Agency are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the customer price index (CPI) during the prior calendar year, capped a 3 percent, and applied to the current benefit. No COLA is granted if the change in CPI is less than one-half percent. A one percent COLA is granted is the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	-
Active employees	2
	2

NOTE 5 - RETIREMENT PLAN (CONTINUED)

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The Agency makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for the Agency were $1,355 based on a rate of 1.03 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Agency's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net pension liability (asset)

The Agency's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

NOTE 5 - RETIREMENT PLAN (CONTINUED)

Actuarial assumptions (continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46 %	33.00 %
Developed market international equity	6.26 %	17.00 %
Emerging market international equity	6.40 %	5.00 %
Private equity and strategic lending	4.61 %	8.00 %
U.S. fixed income	0.98 %	29.00 %
Real estate	4.73 %	7.00 %
Short-term securities	0.00 %	1.00 %
		100.00 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Agency will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 5 - RETIREMENT PLAN (CONTINUED)

Changes in the net pension liability (asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) – (b)
BALANCE AT JUNE 30, 2013	$ 77,003	$ 111,241	$ (34,238)
CHANGES FOR THE YEAR:			
Service cost	11,192	-	11,192
Interest	6,614	-	6,614
Differences between expected and actual experience	590	-	590
Contributions - employer	-	1,438	(1,438)
Contributions - employee	-	6,419	(6,419)
Net investment income	-	19,087	(19,087)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	(74)	74
Net changes	18,396	26,870	(8,474)
BALANCE AT JUNE 30, 2014	$ 95,399	$ 138,111	$ (42,712)

Sensitivity of the net pension liability (asset) to changes in the discount rate

The following presents the net pension liability (asset) of the Agency calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Rate (7.5%)	1% Increase (8.5%)
Agency's net pension liability (asset)	$ (27,103)	$ (42,712)	$ (55,882)

Pension expense

For the year ended June 30, 2015, the Agency recognized pension expense of $785.

NOTE 5 - RETIREMENT PLAN (CONTINUED)

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2015, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 541	$ -
Net difference between projected and actual earnings on pension plan investments	-	8,362
Contributions subsequent to the measurement date of June 30, 2014	1,355	-
Total	$ 1,896	$ 8,362

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2014," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	$ (2,041)
2017	(2,041)
2018	(2,041)
2019	(2,041)
2020	49
Thereafter	294

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

NOTE 6 - NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 72, *Fair Value Measurement and Application* - This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The new standard is not expected to have a significant impact on the Agency's financial statements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* - This statement establishes a hierarchy of generally accepted accounting principles for states and local governments to follow in preparing financial statements. Effective Date: The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. The new standard is not expected to have a significant impact on the Agency's financial statements.

NOTE 7 - ADJUSTMENT TO PRIOR YEAR NET POSITION

Prior year net position has been adjusted due to the adoption of Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement requires the liability of employers to employees for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. The requirements of this statement are effective for financial periods beginning after June 15, 2014. The effect of the adoption of this Statement on the Agency's governmental activities net position as of July 1, 2014 is as follows:

Governmental activities net position, as previously reported	$ 63,851
To record adjustments due to implementation of of GASB 68 affecting net position at July 1, 2014	
Net pension liability (asset)	34,238
Deferred outflows of resources	1,438
Beginning governmental activities net position, as restated	$ 99,527

REQUIRED SUPPLEMENTARY INFORMATION

TENNESSEE DUCK RIVER DEVELOPMENT AGENCY

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION
PLAN OF TCRS

LAST FISCAL YEAR ENDING JUNE 30

	2014
TOTAL PENSION LIABILITY	
Service cost	$ 11,192
Interest	6,614
Changes in benefit terms	-
Differences between actual & expected experience	590
Change of assumptions	-
Benefit payments, including refunds of employee contributions	-
NET CHANGE IN TOTAL PENSION LIABILITY	18,396
TOTAL PENSION LIABILITY - BEGINNING	77,003
TOTAL PENSION LIABILITY - ENDING (A)	95,399
PLAN FIDUCIARY NET POSITION	
Contributions - employer	1,438
Contributions - employee	6,419
Net investment income	19,087
Benefit payments, including refunds of employee contributions	-
Administrative expense	(74)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	26,870
PLAN FIDUCIARY NET POSITION - BEGINNING	111,241
PLAN FIDUCIARY NET POSITION - ENDING (B)	138,111
NET PENSION LIABILITY (ASSET) - ENDING (A)-(B)	$ (42,712)
Plan fiduciary net position as a percentage of total pension liability	144.77 %
Covered-employee payroll	$ 128,383
Net pension liability (asset) as a percentage of covered-employee payroll	(33.27) %

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.
Years will added to this schedule in future fiscal years until 10 years of information is available.

TENNESSEE DUCK RIVER DEVELOPMENT AGENCY

SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS

LAST FISCAL YEAR ENDING JUNE 30

	2014	2015
Actuarial determined contribution	$ 1,438	$ 1,355
Contributions in relation to the actuarial determined contribution	1,438	1,355
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 128,383	$ 132,164
Contributions as a percentage covered employee payroll	1.12 %	1.03 %

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will added to this schedule in future fiscal years until 10 years of information is available.

NOTE TO SCHEDULE:

Valuation date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	20 years
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement

SUPPLEMENTARY INFORMATION

TENNESSEE DUCK RIVER DEVELOPMENT AGENCY

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND NET CHANGE IN FUND BALANCE, BUDGET TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2015

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL	OVER (UNDER)
REVENUES				
Trust Fund B - administrative	$ 208,000	$ 207,797	$ 207,000	$ (797)
Trust Fund B - program revenues	42,100	42,100	40,590	(1,510)
Water supply projects	132,655	162,655	166,048	3,393
DRATAC programs - pathogen study	60,000	60,000	26,471	(33,529)
TOTAL REVENUES	442,755	472,552	440,109	(32,443)
EXPENDITURES				
Current:				
Administration:				
Salaries and benefits	150,657	153,157	153,274	117
Occupancy	7,500	7,500	6,345	(1,155)
Professional services	24,000	24,000	22,319	(1,681)
Training expenses	4,000	4,000	1,430	(2,570)
Insurance	3,700	3,700	3,297	(403)
Meeting expense	3,500	3,500	2,791	(709)
Staff travel expense	3,000	3,000	2,269	(731)
Miscellaneous	2,700	2,700	846	(1,854)
Repairs and maintenance	2,500	2,500	1,003	(1,497)
Total Administration	201,557	204,057	193,574	(10,483)
Environmental programs:				
Trust Fund B - program revenues	42,100	42,100	40,590	(1,510)
Water supply projects	132,655	162,655	166,048	3,393
DRATAC programs - pathogen study	60,000	60,000	26,671	(33,329)
Miscellaneous	-	-	5,000	5,000
Total environmental programs	234,755	264,755	238,309	(26,446)
TOTAL EXPENDITURES	436,312	468,812	431,883	(36,929)
NET CHANGE IN FUND BALANCE	$ 6,443	$ 3,740	$ 8,226	$ 4,486

See accompanying note to supplementary information.

TENNESSEE DUCK RIVER DEVELOPMENT AGENCY

NOTE TO SUPPLEMENTARY INFORMATION

JUNE 30, 2015

NOTE 1- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and budgetary accounting

Annual budgets are adopted for the general fund on a basis consistent with generally accepted accounting principles ("GAAP"). Prior to June 30, the Finance Committee prepares a proposed operating budget for the fiscal year beginning July 1. This budget is submitted to the Board of Directors for review and approval. The budget includes all proposed expenditures and the anticipated means of financing them. Any revisions to the budget must be approved by the Board.

OTHER REPORT

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 Board of Directors
Tennessee Duck River Development Agency
Shelbyville, 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 governmental activities and the major fund of the Tennessee Duck River Development Agency (the "Agency"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated January 19, 2016.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation 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 a 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
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COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from 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

The 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.

Kraft CPAs PLLC

Columbia, Tennessee
January 19, 2016

TENNESSEE DUCK RIVER DEVELOPMENT AGENCY

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2015

FINANCIAL STATEMENT FINDINGS

PRIOR YEAR

There were no prior year findings reported.