

**GREENEVILLE-GREENE COUNTY
EMERGENCY COMMUNICATIONS DISTRICT**

FINANCIAL STATEMENTS

June 30, 2009

**GREENEVILLE-GREENE COUNTY
EMERGENCY COMMUNICATIONS DISTRICT
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June 30, 2009**

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**GREENEVILLE-GREENE COUNTY
EMERGENCY COMMUNICATIONS DISTRICT
BOARD MEMBERS**

June 30, 2009

William Holt
LeRoy Tipton Jr.
Ray Adams
Bill Brown
Robert Sayne
Mark Foulks
Steve Burns
Margaret Greenway
Bob May

Chairman
Secretary
Treasurer

DAVID M. ELLIS

Certified Public Accountant

*Member, American Institute of
Certified Public Accountants*

*Member, Tennessee Society of
Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Greeneville-Greene County
Emergency Communications District

I have audited the accompanying financial statements of the business-type activities of the Greeneville-Greene County Emergency Communications District, a discretely presented component unit of Greene County, Tennessee, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of Greeneville-Greene County Emergency Communications District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Greeneville-Greene County Emergency Communications District as of June 30, 2009, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated October 20, 2009, on my consideration of Greeneville-Greene County Emergency Communications District's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis and Schedule of Funding Progress on pages 4 through 6 and 19 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information on pages 18 and 20 is presented for purposes of additional analysis and is not a required part of these financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



David M. Ellis
Certified Public Accountant

October 20, 2009

Management's Discussion and Analysis

As management of the Greeneville-Greene County Emergency Communications District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2009. Please note, the District presents prior comparative financial information when available.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$971,418 (net assets). Of this amount, \$617,980 (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the District reported ending net assets of \$971,418, a decrease of \$15,461 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of two components: (1) fund financial statements, and (2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District maintains one fund, a proprietary fund, which is considered to be an enterprise fund.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 12 through 17 of this report.

Financial Analysis of the District's Funds

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Greeneville-Greene County Emergency Communications District Statement of Net Assets

	2009	2008
Current and Other Assets	\$ 651,857	\$ 765,088
Capital Assets	<u>353,438</u>	<u>249,937</u>
Total Assets	<u>\$ 1,005,295</u>	<u>\$ 1,015,025</u>

Total Liabilities	\$ 33,877	\$ 28,146
Net Assets:		
Invested in capital assets	353,438	249,937
Unrestricted	<u>617,980</u>	<u>736,942</u>
Total Liabilities and Net Assets	<u>\$ 1,005,295</u>	<u>\$ 1,015,025</u>

The balance of unrestricted net assets, \$617,980 may be used to meet the District's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District is able to report a positive balance in the net assets category.

The District's net assets decreased by \$15,461 during the current fiscal year.

The statement of revenues, expenses, and changes in net assets presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets 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 following is a summary of financial activities for the District during the fiscal year ended June 30, 2009:

**Greenville-Greene County Emergency Communications District
Statement of Revenues, Expenses, and Changes in Net Assets**

	2009	2008
Revenues:		
Operating Revenues:		
Charges for services	\$ 467,222	\$ 420,245
Operational funding	120,041	144,781
Non-Operating Revenues:		
Government appropriations	128,815	128,815
Other	32,453	44,898
Interest income	<u>13,553</u>	<u>18,986</u>
Total Revenues	762,084	757,725
Total Expenses	<u>777,545</u>	<u>688,577</u>
Change in net assets	-15,461	69,148
Beginning Net Assets	<u>986,879</u>	<u>917,731</u>
Ending Net Assets	<u>\$ 971,418</u>	<u>\$ 986,879</u>

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District maintains one fund, a proprietary fund, which is considered to be an enterprise fund.

Budgetary Highlights

There was one change to the original budget. The board approved moving \$500 from employee salaries to service awards during the year.

Capital Asset Administration

The District's investment in capital assets for its activities as of June 30, 2009, amounts to \$353,438 (net of accumulated depreciation). This investment in capital assets includes improvements, machinery and equipment, and software.

Major capital asset events during the current fiscal year included the following:

- A radio system was purchased at a cost of \$156,527.

Greenville-Greene County Emergency Communications District's Capital Assets (Net of Depreciation)

	2009	2008
Furniture and fixtures	\$ 3,574	\$ 827
Automotive equipment	5,247	9,740
Office Equipment	12,771	7,429
Leasehold Improvements	4,997	1,925
Communications system	<u>326,849</u>	<u>230,016</u>
Total capital assets	<u>\$ 353,438</u>	<u>\$ 249,937</u>

Additional information on the District's capital assets can be found in Note 3 on page 14 of this report.

Economic Factors and Next Year's Budget and Rates

Short-term interest rates on investments for the District's operating funds declined slightly during fiscal year 2009. Appropriations from Greene County and the Town of Greenville will remain at the same level during fiscal year 2010. These factors were considered in preparing the District's budget for fiscal year 2010.

Rates were not increased for fiscal year 2009.

Requests for Information

This financial report is designed to provide a general overview of the Greenville-Greene County Emergency Communications 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 Greenville-Greene County Emergency Communications District, 111 Union Street, Greenville, TN 37743

**GREENEVILLE-GREENE COUNTY
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET ASSETS**

June 30, 2009

ASSETS

Current Assets		
Cash and Equivalents	\$ 545,175	
Certificates of Deposit	-	
Prepaid Expenses	4,280	
Due from State Emergency Communications Board	79,916	
Accounts Receivable	<u>22,486</u>	
Total Current Assets		\$ 651,857
Property, Plant and Equipment Less Accumulated Depreciation		<u>353,438</u>
Total Assets		<u><u>\$ 1,005,295</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 741	
Accrued Payroll	10,842	
Payroll Deductions Payable	3,864	
Compensated Absences Payable	<u>18,430</u>	
Total Current Liabilities		\$ 33,877
Net Assets		
Invested in Capital Assets		353,438
Restricted Net Assets		-
Unrestricted Net Assets		<u>617,980</u>
Total Liabilities and Net Assets		<u><u>\$ 1,005,295</u></u>

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

**GREENEVILLE-GREENE COUNTY
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the year ended June 30, 2009**

Operating Revenue		
Emergency Telephone Service Charge	\$ 303,190	
State Emergency Comm. Board - Shared Wireless Charge	163,727	
State Emergency Comm. Board - Operational Funding	120,041	
Miscellaneous	<u>305</u>	
Total Operating Revenue		\$ 587,263
Operating Expenses		
Salaries and Wages	407,304	
Employee Benefits	136,120	
Audit Services	3,500	
Fees Paid to Service Providers	6,740	
Maintenance Agreements	28,317	
Lease/Rental - Communications Equipment	84,930	
Maintenance and Repairs - Communications Equipment	595	
Maintenance and Repairs - Buildings and Facilities	1,940	
Maintenance and Repairs - Office Equipment	315	
Maintenance and Repairs - Vehicles	704	
Fuel - Vehicles	1,362	
Office Supplies	1,163	
Custodial Supplies	311	
Data Processing Supplies	4,007	
Postage	154	
Small Equipment	41	
Uniforms and Shirts	572	
Utilities - Electric	11,182	
Utilities - Water and Sewer	218	
Utilities - General Telephone	9,248	
Utilities - Cell Phones and Pagers	1,176	
Other Charges	20,359	
Depreciation	<u>57,287</u>	
Total Operating Expenses		<u>777,545</u>
Operating Loss		(190,282)

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

**GREENEVILLE-GREENE COUNTY
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS**

For the year ended June 30, 2009

Non-Operating Revenues (Expenses)		
Contributions from Other Governments and Agencies	\$ 32,200	
Contributions from Primary Government	96,615	
State Emergency Communications Board Reimbursements	30,268	
Reimbursements	5,343	
Loss on Disposal of Property	(3,158)	
Interest Income	<u>13,553</u>	
 Total Non-Operating Revenue		 <u>\$ 174,821</u>
 Change in Net Assets		 (15,461)
Net Assets, July 1, 2008		<u>986,879</u>
Net Assets, June 30, 2009		<u><u>\$ 971,418</u></u>

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

**GREENEVILLE-GREENE COUNTY
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
For the year ended June 30, 2009**

Cash Flows from Operating Activities

Cash received from customers	\$ 415,286
Other receipts	120,346
Cash paid to employees	(400,935)
Cash paid to suppliers	<u>(311,629)</u>
Net Cash Used by Operating Activities	(176,932)

Cash Flows from Capital and Related Financing Activities

Acquisition of capital assets	(163,946)
Reimbursements	<u>5,343</u>
Net Cash Used by Capital and Related Financing Activities	<u>(158,603)</u>

Cash Flows from Non-Capital Financing Activities

Government appropriations	128,815
State ECB reimbursements	<u>30,268</u>
Net Cash Provided by Non-Capital Financing Activities	<u>159,083</u>

Cash Flows from Investing Activities

Interest income	<u>13,553</u>
Net Cash Provided by Investing Activities	<u>13,553</u>

Net Increase in Cash and Equivalents	(162,899)
Cash and Equivalents, Beginning of Year	<u>708,074</u>
Cash and Equivalents, End of Year	<u><u>\$ 545,175</u></u>

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

**GREENEVILLE-GREENE COUNTY
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS**

For the year ended June 30, 2009

Reconciliation of Operating Income to Net Cash Used by Operating Activities:

Operating Income	\$ (190,282)
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities	
Depreciation	57,287
Increase in receivables	(51,631)
Decrease in prepaid expenses	1,963
Decrease in accrued liabilities	6,369
Decrease in accounts payable	<u>(638)</u>
Net Cash Used by Operating Activities	<u><u>\$ (176,932)</u></u>

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

**GREENEVILLE-GREENE COUNTY
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Creation of Greeneville-Greene County Emergency Communications District (the District) was approved in a countywide referendum on November 8, 1988. In accordance with Chapter 86 of the Tennessee Code Annotated, members of the District's Board of Directors were appointed by the Greene County Commission at its regular meeting in November 1988. Surcharges to customers were initiated by telephone companies serving Greene County in April 1989, and remittances of surcharges collected by the companies to the District began in May 1989. A full-time executive director was employed effective September 1, 1989. Full operations began in July 1993, following completion of installation of the response system.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of Accounting

The District's financial statements are reported using the accrual basis of accounting. Under this accounting basis, revenues are recognized when earned and expenses are recorded when incurred.

The financial statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Reporting Entity

Greeneville-Greene County Emergency Communications District is a component unit of the county government of Greene County. Per T.C.A. 7-86-114, the District cannot "issue its negotiable bonds, notes and debt obligations for lease and/or lease purchases in anticipation of the collection of revenues for the purpose of constructing, acquiring, reconstructing, improving, bettering or expanding any facility or service authorized by this chapter or any combination thereof, and to pledge to the payment of the interest and principal of such bonds, notes or debt obligations all or any part of the revenues derived from the operation of such facility, service or combination thereof without the approval of the legislative body of Greene County."

Property, Plant and Equipment

Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Property, plant and equipment are accounted for at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets.

**GREENEVILLE-GREENE COUNTY
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

Intangible Asset

The District amortized on a straight-line basis the cost of developing a master street address guide and related mapping system over a period of ten years.

Compensated Absences

The District allows employees to accumulate unlimited sick leave at the rate of eight hours per month or twelve days per year. Unused vacation days are transferred to the employee's sick leave account on the first day of January of each year. Unused sick days will not be paid upon early termination. However, sick days are allowed to be accumulated and taken as early time off prior to an employee's normal retirement. Since the employee's accumulating rights to receive compensation are contingent upon the absences being caused by future illnesses and since such amounts cannot be reasonably estimated, a liability for unused sick days is not recorded in the financial statements

Cash and Cash Equivalents

The District includes cash and cash equivalents in the presentation of the Statement of Cash Flows. Cash equivalents for this purpose are highly liquid investments with an original maturity of three months or less when purchased.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

General

Under the guidance of GASB No. 20, pronouncements of the FASB issued before November 30, 1989, are applicable to proprietary funds unless they conflict with or contradict GASB guidance. After November 30, 1989, there are two options for a proprietary fund: 1) Follow GASB guidance only and not follow any FASB guidance issued after that date or 2) Continue to apply all future FASB guidance that does not conflict with or contradict GASB guidance. The District has adopted as policy option No. 1, as required by the Office of the Comptroller of the Treasury.

NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT

The District is allowed to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Tennessee or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Tennessee or the United States; (4) obligations of states, agencies, countries, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "AA" or its equivalent; (5) certificates of deposit issued by state and national banks,

**GREENEVILLE-GREENE COUNTY
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

domiciled in Tennessee, that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or secured by obligations mentioned above; and (6) fully collateralized direct repurchase agreements having a defined termination date.

Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the District's deposits may not be returned to it. It is the District's policy for deposits to be secured by collateral valued at market less the amount of the Federal Deposit Insurance Corporation insurance. At various times during the year, a portion of the District's interest bearing deposits was exposed to custodial credit risk because they were uninsured and uncollateralized. However, all deposits were insured or collateralized at year end.

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and estimated useful lives used for depreciation purposes consisted of the following at June 30, 2009:

	<u>2008</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>2009</u>	<u>ESTIMATED USEFUL LIFE</u>
Furniture and Fixtures	\$ 4,551	\$ 3,880	\$ 1,794	\$ 6,637	5 years
Automotive Equipment	41,950	0	0	41,950	5 years
Office Equipment	48,874	0	16,285	22,589	5 years
Leasehold Improvements	6,320	3,540	2,176	7,684	10 years
Communications System	<u>504,352</u>	<u>156,527</u>	<u>174,822</u>	<u>496,057</u>	10 years
Total	606,047	163,947	195,077	574,917	
Less Accumulated Depreciation:					
Furniture and Fixtures	3,724	1,334	1,795	3,063	
Automotive Equipment	32,210	4,493	0	36,703	
Office Equipment	41,445	3,408	16,285	9,818	
Leasehold Improvements	4,395	468	2,176	2,687	
Communications System	<u>274,336</u>	<u>47,786</u>	<u>161,664</u>	<u>169,208</u>	
Total Accumulated Depreciation	<u>356,110</u>	<u>57,489</u>	<u>181,920</u>	<u>221,479</u>	
Net Fixed Assets	<u>\$249,937</u>	<u>\$106,458</u>	<u>\$ 13,157</u>	<u>\$ 353,438</u>	

NOTE 4 - ECONOMIC DEPENDENCY

Tennessee state law mandates collection of a surcharge by telephone companies from its customers to fund established E-911 agencies. Greeneville-Greene County Emergency

**GREENEVILLE-GREENE COUNTY
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

Communications District received approximately 49% of its total revenues from surcharges collected by Embarq.

NOTE 5 - RISK MANAGEMENT

Significant losses in the areas of employee health, accident, general liability, errors and omissions and auto liability are covered through commercial insurance policies. There have been no reductions in coverage, and settlement amounts have not exceeded insurance coverage for the current year or three prior years.

NOTE 6 - RETIREMENT PLAN

Plan Description

Employees of Greene County 911 ECD 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 five (5) 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 five years of service and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Greene County 911 ECD 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, TN 37243-0230 or can be accessed at <http://treasury.state.tn.us/tcrs/PS/>.

Funding Policy

Greene County 911 ECD requires employees to contribute 5.0 percent of earnable compensation.

**GREENEVILLE-GREENE COUNTY
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

Greene County ECD is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2009, was 9.66% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Greene County 911 ECD is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2009, Greene County 911 ECD's annual pension cost of \$32,191 to TCRS was equal to Greene County 911 ECD's required and actual contributions. The required contribution was determined as part of the July 1, 2007 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 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), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 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 five-year period. Greene County 911 ECD's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was 13 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2009	\$32,191	100.00%	\$0.00
June 30, 2008	\$24,053	100.00%	\$0.00
June 30, 2007	\$23,478	100.00%	\$0.00

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 78.18% percent funded. The actuarial accrued liability for benefits was \$0.55 million, and the actuarial value of assets was \$0.43 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.12 million. The covered payroll (annual payroll of active employees covered by the plan) was \$0 million, and the ratio of the UAAL to the covered payroll was 42.51% percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information

**GREENEVILLE-GREENE COUNTY
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS**

June 30, 2009

about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

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.

(Dollars 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, 2007	\$437	\$559	\$122	78.18%	\$287	42.51%

NOTE 7 - EQUIPMENT RENTAL

The District rents equipment from telephone companies for use in daily operations. These rents are paid on a month-to-month basis with no minimum requirements, no terms and no buy-out provisions.

**GREENEVILLE-GREENE COUNTY
EMERGENCY COMMUNICATIONS DISTRICT
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2009**

	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>DIFFERENCE</u>
Operating Revenue				
Telephone Surcharges	\$ 302,500	\$ 302,500	\$ 303,190	\$ 690
Miscellaneous Income	200	200	305	105
Operational Funding	120,041	120,041	120,041	-
Cellular Income	<u>115,000</u>	<u>115,000</u>	<u>163,727</u>	<u>48,727</u>
Total Operating Revenue	537,741	537,741	587,263	49,522
Operating Expenses				
Salaries	453,507	453,507	407,304	46,203
Employee Benefits	201,555	201,555	136,120	65,435
Advertising	150	150	-	150
Audit Services	3,900	3,900	3,500	400
Fees Paid to Service Providers	9,350	9,350	6,740	2,610
Legal Services	3,000	3,000	-	3,000
Maintenance Agreements	35,880	35,880	28,317	7,563
Lease/Rental - Communications Equipment	111,000	111,000	84,930	26,070
Maintenance and Repairs - Communications Equipment	7,000	7,000	595	6,405
Maintenance and Repairs - Buildings and Facilities	5,500	5,500	1,940	3,560
Maintenance and Repairs - Office Equipment	2,000	2,000	315	1,685
Maintenance and Repairs - Vehicle	1,600	1,600	704	896
Fuel - Vehicles	2,400	2,400	1,362	1,038
Office Supplies	1,700	1,700	1,163	537
Custodial Supplies	500	500	311	189
Data Processing Supplies	3,100	3,100	4,007	(907)
Postage	300	300	154	146
Small Equipment	250	250	41	209
Uniforms and Shirts	2,500	2,500	572	1,928
Utilities - Electric	10,000	10,000	11,182	(1,182)
Utilities - Water and Sewer	600	600	218	382
Utilities - General Telephone	8,400	8,400	9,248	(848)
Utilities - Cell Phones and Pagers	1,440	1,440	1,176	264
Other Charges	23,070	23,070	20,359	2,711
Depreciation	24,000	24,000	57,287	(33,287)
Equipment Replacement	<u>52,150</u>	<u>52,150</u>	<u>163,947</u>	<u>(111,797)</u>
Total Operating Expenses	964,852	964,852	941,492	23,360
Non-Operating Revenue				
City Appropriations	32,200	32,200	32,200	-
County Appropriations	96,615	96,615	96,615	-
Reimbursements	5,000	5,000	35,611	30,611
Operating Fund	405,337	405,337	-	(405,337)
Loss on Disposal of Property	-	-	(3,158)	(3,158)
Interest Income	<u>8,000</u>	<u>8,000</u>	<u>13,553</u>	<u>5,553</u>
Total Non-Operating Revenue	547,152	547,152	174,821	(372,331)
Net Assets	\$ 120,041	\$ 120,041	\$ (179,408)	\$ (299,449)

Net Assets reported on budgetary comparison

\$ (179,408)

Capital assets purchased and reported on the statement of net assets instead of the statement of revenue, expenses, and changes in net assets

163,947

Change in net assets reported on statement of revenue, expenses, and changes in net assets

\$ (15,461)

**GREENEVILLE-GREENE COUNTY
EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FUNDING PROGRESS**

June 30, 2009

(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)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	\$437	\$559	\$122	78.18%	\$287	42.51%

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method was a change made during the year and therefore only the most current year is presented.

**GREENEVILLE-GREENE COUNTY
EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF INFORMATION REQUIRED BY THE
TENNESSEE EMERGENCY COMMUNICATIONS BOARD
June 30, 2009**

Public Safety Answering Points (PSAP)

- One PSAP located in Greene County
- PSAP for Greene County is located at 111 Union Street, Greeneville, Tennessee 37743
- The Greene County PSAP utilizes the CML 9-1-1 System

Director of the Greeneville-Greene County Emergency Communications District

Jerry Bird
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Greeneville, Tennessee 37743
Phone (423) 638-8663
Fax (423) 638-9166

Chairman of the Greeneville-Greene County Emergency Communications District

William Holt
545 Slate Creek Road
Greeneville, Tennessee 37743
Phone (423) 639-9129

DAVID M. ELLIS
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**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***

To the Board of Directors of
Greeneville-Greene County
Emergency Communications District
Greeneville, Tennessee

I have audited the accompanying financial statements of the business-type activities of the Greeneville-Greene County Emergency Communications District, a discretely presented component unit of Greene County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise the Greeneville-Greene County Emergency Communications District's basic financial statements and have issued my report thereon dated October 20, 2009. I conducted my 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.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Greeneville-Greene County Emergency Communications District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Greeneville-Greene County Emergency Communications District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Greeneville-Greene County Emergency Communications District's internal control over financial reporting.

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 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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I

did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs 09-02 that I consider to be a significant deficiency in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greeneville-Greene County Emergency Communications District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 09-01.

Greeneville-Greene County Emergency Communications District's response to findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit the Greeneville-Greene County Emergency Communications District's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management and the Comptroller of the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.



David M. Ellis, CPA

October 20, 2009

**GREENEVILLE-GREENE COUNTY
EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2009**

Financial Statement Findings

Prior and Current Year Finding:

09-01 Actual Expenses Over Budgeted Amounts:

Condition: Actual expenses of some line items were more than budgeted amounts.

Criteria: Tennessee Code Annotated 7-86-120 requires emergency communications districts to adopt and operate under an annual budget. Expenses must be presented at the legal level of control, which is defined to be at the line item level.

Effect: The district may purchase items that have not been budgeted.

Recommendation: The district should review and amend the budget prior to making any purchase over the budgeted amount.

Management's Comments: Management was operating under the assumption that total expenses not exceed the total budget, instead of per line item. Management agrees with the finding and will provide board members with line item budgets at each board meeting.

**GREENEVILLE-GREENE COUNTY
EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2009**

Financial Statement Findings

Prior and Current Year Finding:

09-02 Invoice Cancellation:

Condition: Invoices are paid without the account to be charged indicated on them.

Criteria: The Internal Control and Compliance Manual for Tennessee Municipalities recommends the following in Title 2, Chapter 2, Section 3:

Municipal officials should ensure... that personnel cancel invoices, writing on each one ... account to be charged before the checks and documentation are submitted for approval and signing.

Effect: If invoices aren't properly cancelled, it increases the likelihood that intentional or unintentional mistakes might occur.

Recommendation: The district should indicate the account to be charged on each vendor invoice prior to payment.

Management's Comments: Management agrees with the finding and has begun putting the account numbers on vendor invoices.