KINSER PARK COMMISSION

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITORS' REPORT

For the Fiscal Year Ended June 30, 2009

KINSER PARK COMMISSION
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June 30, 2009

Blackburn, Childers & Steagall, PLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

REGIONAL EXPERTISE - LOCAL SERVICE

American Institute of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Kinser Park Commission
Greeneville, Tennessee

We have audited the accompanying financial statements of the governmental activities and the major fund of the Kinser Park Commission (the "Commission") as of and for the fiscal year ended June 30, 2009, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these basic 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 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Commission as of June 30, 2009, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2010, on our consideration of the Commission'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The Commission has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

The Schedule of Retirement Plan Funding Progress on Page 17 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We 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, we did not audit the information and express no opinion on it.

Blackburn, Childers & Steagall, PLC
BLACKBURN, CHILDERS & STEAGALL, PLC

February 5, 2010

KINSER PARK COMMISSION
STATEMENT OF NET ASSETS
June 30, 2009

	Total Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 72,418
Due from Other Governments	3,124
Prepaid Expenses	3,671
Total Current Assets	79,213
CAPITAL ASSETS	
Land	7,624
Land Improvements	125,385
Buildings	207,033
Machinery and Equipment	72,404
Less: Accumulated Depreciation	(246,730)
Net Capital Assets	165,716
TOTAL ASSETS	244,929
LIABILITIES	
Accounts Payable	9,291
Accrued Liabilities	4,484
TOTAL LIABILITIES	13,775
NET ASSETS	
Invested in Capital Assets	165,716
Restricted for Capital Projects	12,690
Unrestricted	52,748
TOTAL NET ASSETS	$ 231,154

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

KINSER PARK COMMISSION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

		PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS	
					Primary Government	
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary Government						
Governmental Activities						
Park Operations	$ 214,481	161,992	0	0	(52,489)	(52,489)
GENERAL REVENUES						
Intergovernmental Revenues					50,000	50,000
CHANGE IN NET ASSETS					(2,489)	(2,489)
NET ASSETS - BEGINNING					233,643	233,643
NET ASSETS - ENDING					$ 231,154	231,154

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

KINSER PARK COMMISSION
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2009

		Total General Fund
ASSETS		
Cash and Cash Equivalents	$	72,418
Due from Other Governments		3,124
Prepaid Expenses		3,671
TOTAL ASSETS	$	79,213
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	$	9,291
Accrued Liabilities		4,484
TOTAL LIABILITIES		13,775
FUND BALANCES		
Reserved for Capital Projects		12,690
Unreserved		52,748
TOTAL FUND BALANCES		65,438
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities, which are not current resources and therefore are not reported in the funds.		165,716
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$	231,154

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

KINSER PARK COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
For the Fiscal Year Ended June 30, 2009

	Total General Fund
REVENUES	
Charges for Sales and Services	$ 159,511
Intergovernmental Revenues	50,000
Other Revenues	2,481
Total Revenues	211,992
EXPENDITURES	
Park Operations	
Labor and Benefits	99,911
Utilities	40,221
Maintenance	4,896
Insurance	11,014
Supplies	16,081
Equipment Operations	9,474
Professional Services	7,945
Improvements	2,573
Telephone	1,368
Capital Outlay	7,267
Total Expenditures	200,750
NET CHANGE IN FUND BALANCE	11,242
FUND BALANCE, JULY 1, 2008	54,196
FUND BALANCE, JUNE 30, 2009	$ 65,438

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

KINSER PARK COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

Amounts reported for governmental activities in the statement of activities are different because:		
Net Change in Fund Balance - Total Governmental Funds	$	11,242
In the prior year, certain expenditures were reflected in the governmental funds for amounts that had economic benefits in the current year. The items prepaid in the prior year were reported as expenses on the current year's statement of activities.		(8,337)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation of $12,661 exceeded capital outlay of $7,267 in the current period.		(5,394)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$	(2,489)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Kinser Park Commission (the "Commission") is a joint venture of the Town of Greeneville, Tennessee (the "Town") and Greene County, Tennessee (the "County"). The Commission was created in April 1962 by resolution of the Quarterly County Court of the County, when it became apparent that the Tennessee Valley Authority was to transfer certain property on the Davy Crockett Lake to the Town and the County for the establishment of a park and recreational facilities. The Commission was established as an administrative body for the purpose of holding, operating and maintaining such facilities.

Development of the park and recreational facilities was minor until 1972 when substantial development commenced. Financing of the development has been provided by the general funds of the Town and the County and grants from the U.S. Government.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid sick pay, which is not accrued; and (2) principal and interest on general obligation long-term debt, which is recognized when due.

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

Basic Financial Statements – Government-Wide Statements

The Commission's basic financial statements include both the government-wide (reporting the Commission as a whole) and fund financial statements (reporting the Commission's major fund). The Commission has only one fund, the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Government-Wide Statements (Continued)

In the government-wide Statement of Net Assets, the governmental activities are reported on the full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Commission's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets, as applicable. When both unrestricted and restricted fund resources are available for use, it is the Commission's policy to use restricted resources first.

The government-wide Statement of Activities reports both the gross and net costs of the Commission's function. The function is also supported by the general government revenues (use taxes, certain intergovernmental revenues, fees and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues. Program revenues must be directly associated with the function. Program revenues include 1) charges to customers who use or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions for operation or capital requirements of a particular function or program. Taxes and other items not identifiable with a program are reported as general revenues.

The net cost (by function) is normally covered by general revenue (use taxes, intergovernmental revenues, interest income, etc.)

This government-wide focus is more on the sustainability of the Commission as an entity and the changes in the Commission's net assets resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the Commission are reported in the general fund in the fund financial statements. The fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund is reported by generic classification within the financial statements.

Governmental Fund

The Governmental Fund is used by the Commission. The focus of the governmental fund measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of the financial resources) rather than upon net income. The General Fund is the general operating fund of the Commission. All financial resources are accounted for in the General Fund.

Budgets and Budgetary Accounting

The Commission is not required to operate within an approved budget. However, budgets are used internally for managerial purposes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Commission considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Estimates

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

Capital Assets

Capital assets, which include land, land improvements, buildings and equipment, are reported in the government-wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost in not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

All purchases and construction costs in excess of $5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year. Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

Land Improvements	30 – 40 years
Buildings	40 years
Equipment	5 – 25 years

NOTE 2 - GRANT OF EASEMENT

The park and recreational facilities are situated on approximately 225 acres of land on the Davy Crockett Lake in the County. The land was conveyed to the Town and the County from the Tennessee Valley Authority by a grant of easement dated January 26, 1976. The agreement provides for continued use of the property in perpetuity as long as the property is developed as agreed and used exclusively for public recreation for the benefit and enjoyment of the general public.

NOTE 3 - OPERATING LEASE REVENUES

The Commission has leased operating rights on the park golf course, with an agreement date of March 1, 1999. The lease term is for a period of 10 years with options to extend the lease for two additional 10 year periods. The Commission receives rent equal to 10 percent of all green fees and cart fees collected by the lessee each month. Rent received for the year ended June 30, 2009 on the golf course totaled $1,937. The lease is classified as an operating lease.

The Commission has also leased land for the construction and operation of a baseball complex, with an agreement date of May 28, 1999. The lease term is for a period of 10 years with an option to lease for an additional 10 year period. The Commission receives rent equal to 15 percent of all gate receipts each month and rent equal to 15 percent of net profits from the operation of the concession stands. The rental income from the baseball complex for the year ended June 30, 2009 totaled $1,372. The lease is classified as an operating lease.

In addition, Commission leases two cabins. Rental income from the operating leases of the cabins was $8,700 for the year ended June 30, 2009.

NOTE 4 - DEPOSITS AND INVESTMENTS

The Town of Greeneville is responsible for receiving and disbursing funds of the Commission. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized as follows:

> DEPOSITS: All deposits with financial institutions must be collateralized in an amount equal to 105% of the market value of uninsured deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the Town. Deposits with savings and loan associations must be collateralized by one of the following methods: 1) by an amount equal to 110% of the face amount of uninsured deposits if the collateral is of the same character as that required for other financial institutions; 2) by an irrevocable letter of credit issued by the Federal Home Loan Bank; or 3) by providing notes secured by first mortgages or first deeds of trust upon residential real property located in Tennessee. The promissory notes must be in an amount equal to 150% of the amount of uninsured deposits.

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS: State statutes authorize the Town to invest in treasury bonds, notes or bills of the United States; nonconvertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank and the State Loan Marketing Association; other obligations not listed above which are guaranteed as to principal and interest by the United States or any of its agencies; other evidence of deposit at State and Federal chartered banks and Savings and Loan Associations, obligations of the United States or its agencies under a repurchase agreement and money market funds whose portfolios consist of any of the foregoing investments if approved by the State Director of Local Finance and made in accordance with procedures established by the State Funding Board; the State of Tennessee Local Government Investment Pool; obligations of the Public Housing Authority and bonds of the Tennessee Valley Authority. Specifically, the LGIP was established under Tennessee Code Annotated Title 9, Chapter 4, Part 7. This investment pool is established for the use of idle funds of local governments located within the State of Tennessee. These funds are placed by the participating entity into accounts that are held and invested by the State Treasurer. The LGIP invests in time deposits, such as certificates of deposit, commercial paper, United States of America agency securities, repurchase agreements, and United States of America treasuries. By law, the LGIP is required to maintain a 90-day or less weighted-average-maturity. The fair value of shares held in the LGIP is the same as the value of the LGIP shares. The TN LGIP has not been rated by a nationally recognized statistical rating organization.

The Commission does not have a policy for interest rate risk or other credit risk other than pledging securities for amounts in excess of FDIC coverage.

State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of the deposits, less the amount as insured by federal deposit insurance. The collateral must be held by the Commission or its agent in the Commission's name, or by the Federal Reserve in the Commission's name.

The Commission's deposits are held in the Town's general operating bank account. The carrying amount of the Commission's deposits was $72,418 at June 30. Deposits include demand deposits and sweep accounts. The bank deposits are insured by FDIC insurance. Amounts in excess of FDIC limits are either secured by the financial institution through the state collateral pool or the financial institution has pledged securities. The Town does not have a policy for interest rate risk or other credit risk other than pledging securities for amounts in excess of FDIC coverage. The Commission is exposed to concentration of credit risk by placing its deposits in financial institutions. The Commission through the Town has mitigated the risks because the bank balance in excess of the FDIC limit is collateralized by the State of Tennessee bank collateral pool.

As of June 30, 2009, the Commission held no investments.

NOTE 5 - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission's risks of loss are covered by a commercial package insurance policy carried by the Town. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009, was as follows:

	Primary Government			
	Beginning Balance July 1, 2008	Increases	Decreases	Ending Balance June 30, 2009
Governmental Activities				
Capital Assets, Not Depreciated				
Land	$ 7,624	-	-	7,624
Total Capital Assets, Not Depreciated	7,624	0	0	7,624
Capital Assets, Being Depreciated				
Land Improvements	125,385	-	-	125,385
Buildings	207,033	-	-	207,033
Machinery and Equipment	65,137	7,267	-	72,404
Total Capital Assets, Being Depreciated	397,555	7267	0	404,822
Less Accumulated Depreciation for				
Land Improvements	(55,155)	(3,758)	-	(58,913)
Buildings	(132,014)	(5,311)	-	(137,325)
Machinery and Equipment	(46,900)	(3,592)	-	(50,492)
Total Accumulated Depreciation	(234,069)	(12,661)	0	(246,730)
Total Capital Assets, Being Depreciated, Net	163,486	(5,394)	0	158,092
Governmental Activities Capital Assets, Net	$ 171,110	(5,394)	0	165,716

Depreciation was Charged as Follows:

Park Operations	$ 12,661

NOTE 7 - PENSION PLAN

Plan Description

Employees of the Commission are members of the Political Subdivision Pension Plan (PSPP), and 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 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 provision are established by state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the Commission 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://www.treasury.state.tn.us/tcrs/PS/.

Funding Policy

The Commission has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll.

The Commission is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2009 was 10.09% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the Commission is established and may be amended by the TCRS Board of Trustees.

NOTE 7 - PENSION PLAN (CONTINUED)

Annual Pension Cost

For the year ending June 30, 2009, the Commission's annual pension cost of $3,534 to TCRS was equal to the Commission'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), and (c) projected 3.5 percent annual increase in the Social Security wage base. 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. The Commission'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 11 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	$ 3,534	100.00%	$ 0
6/30/2008	4,563	100.00%	0
6/30/2007	3,910	100.00%	0

Funding Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 84.38 percent funded. The actuarial accrued liability for benefits was $0.03 million, and the actuarial value of assets was $0.02 million, resulting in an unfunded actuarial accrued liability (UAAL) of $0.01 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 14.71 percent.

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

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.

NOTE 7 - PENSION PLAN (CONTINUED)

Schedule of Funding Progress
(Dollar amounts in thousands)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) (AAL) Actuarial Accrued Liability	(b) - (a) (UAAL) Unfunded AAL	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a % of Covered Payroll
July 1, 2007	$ 27	$ 32	$ 5	84.38%	$ 34	14.71%

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS

The personnel assigned to the Commission are employees of the Town of Greeneville and are covered by the fringe benefits of the Town, including participation in the Tennessee Consolidated Retirement System and the Town's other post employment benefits. Readers should refer to the related notes to the financial statements for the Town of Greeneville, Tennessee.

SECTION II

REQUIRED SUPPLEMENTARY INFORMATION

KINSER PARK COMMISSION
SCHEDULE OF RETIREMENT PLAN FUNDING PROGRESS - UNAUDITED
For the Fiscal Year Ended June 30, 2009

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	$ 27	$ 32	$ 5	84.38%	$ 34	14.71%

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.

See Independent Auditors' Report.

SECTION III

INTERNAL CONTROL AND COMPLIANCE

Blackburn, Childers & Steagall, PLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

REGIONAL EXPERTISE - LOCAL SERVICE

American Institute of Certified Public Accountants

INDEPENDENT AUDITORS' 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 Commissioners
Kinser Park Commission
Greeneville, Tennessee

We have audited the financial statements of the governmental activities and the major fund of the Kinser Park Commission (the "Commission") as of and for the year ended June 30, 2009, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated February 5, 2010. 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. These include 2009-01, 2008-01, 2007-02 and 2008-03.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2008-03 to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Commission in a separate letter dated February 5, 2010.

The Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Commission's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Commission, management, Board, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Blackburn, Childers + Steagall, PLC
BLACKBURN, CHILDERS & STEAGALL, PLC

February 5, 2010

Current Year Findings and Prior Year Findings Not Implemented

2009-01: Significant Deficiency – Accounts Payable

Condition: Entries to close prior year accounts payable balances and to record current year accounts payable balances were not made correctly. Checks written after year-end were classified as disbursements in the current year rather than accounts payable.

Criteria: General ledger accounts should be timely reviewed, reconciled to the corresponding subsidiary reports and adjusted. Timely and accurate financial reports should be prepared and submitted to the Board for review and approval. In addition, checks written should be applied to the proper accounting periods.

Effect: The effect of this weakness creates the possibility that misstatements may not be timely noted or corrected.

Recommendation: A reconciliation of accounts payable from the general ledger to the outstanding accounts payable register should be prepared to determine that all additions to, and payments of, accounts payable are correctly recorded and to determine whether there are any disputed items.

We recommend a procedure be in place for making routine, monthly and year-end adjustments. The procedures should require that supporting documentation be maintained for all entries and transfers including indication of appropriate review and approval. We also recommend that checks written are applied to the proper accounting period.

Management's Response: While general ledger accounts are timely reviewed and adjusted, the payable reports were not prepared correctly. Management agrees with the recommendation and will work toward the implementation of suggested procedures.

2008-01: Significant Deficiency – Agreement (Not Implemented) (repeated from 6/30/08 audit)

Condition: A written agreement was not located for the arrangement with the Town.

Criteria: To provide a more clear understanding of accounting functions, reporting requirements, policies and procedures that are to be followed, a detailed and written agreement with the Town should be developed. This agreement should designate what the Town's responsibilities are for reporting, what purchasing and bid procedures are to be followed and the timing of reporting should be defined.

Effect: The effect of this deficiency creates uncertainty as to the procedures that are to be followed.

Recommendation: We recommend the Town's attorney work in conjunction with the Town and the Commission to develop a detailed and written agreement. This agreement should designate what the Town's responsibilities are for reporting, what purchasing and bid procedures are to be followed and the timing of reporting should be defined.

Current Year Findings and Prior Year Findings Not Implemented (Continued)

Management's Response: Greeneville and Greene County have operated joint agencies for many years based on written agreements, resolutions, and enabling state legislation without significant misunderstanding or conflict. The Kinser Park Commission will continue to work with representatives of the Town and Greene County to further develop additional comprehensive operational guidelines, as priorities and funding permit.

2007-02: Significant Deficiency – Adequate Documentation (Not Implemented, with additional current year items noted) (repeated from 6/30/07 audit)

Condition: During audit procedures, it was determined there is a lack of adequate documentation from the operator to support the amounts received in connection with the pool and concession collections. In addition, it was noted that the reports received from the golf course that tally green fees may be incomplete; the Commission's compensation is based on these reports.

Criteria: The Commission should verify all agreements are current and develop the necessary internal control procedures to verify earnings due to the Commission are properly and fully documented and received.

Effect: The effect of this deficiency could result in the Commission not receiving the proper amount of revenues.

Recommendation: We recommend the Board develop and implement procedures that will ensure commissions that are to be received are properly tracked, evaluated and ultimately received. The Board should consider implementing more controls or a different method of accounting for the commission due to the Park for green fees. The Board should also maintain supporting documentation for water slide and concession collections and should consider the reasonableness of the amounts received.

Management's Response: The recommendations will be reviewed by the appropriate parties in a timely manner.

2008-03: Material Weakness – Audit Adjustments (Not Implemented) (repeated from 6/30/08 audit)

Condition: As part of the audit, we prepared the financial statements, including the government-wide presentation and related notes, from information provided by the Town and the Commission. Under current professional standards, the Commission is responsible for the internal control process which includes the preparation of year-end financial statements in accordance with generally accepted accounting principles and the modified accrual basis of accounting. Several material audit adjustments were necessary to properly state account balances, including: Adjustments to accounts payable, cash, prepaid assets, insurance expense, and fund balance; Government-wide adjustments to capital assets, depreciation, and net assets.

Current Year Findings and Prior Year Findings Not Implemented (Continued)

Criteria: General ledger accounts should be timely reviewed, reconciled to the corresponding subsidiary reports and adjusted. Timely and accurate financial reports should be prepared and submitted to the Board for review and approval.

Effect: The effect of this weakness creates the possibility that misstatements may not be timely noted or corrected.

Recommendation: We recommend a procedure be in place to prepare routine, monthly and year-end reconciliations for general ledger accounts to the supporting documentation and subsidiary ledgers and to make related adjustments. The procedure should require retention of supporting documentation for all entries and transfers, including indication of appropriate review and approval. These routine reconciliations and adjustments will ensure meaningful and accurate financial statements. Reconciliation of Balance Sheet and other significant accounts quickly identify errors and needed corrections. If reconciliations are performed infrequently, errors and adjustments can occur, resulting in the need for significant corrections when the reconciliations are performed. Any reconciling differences should be corrected before the books are closed for the month end. We acknowledge that management recognizes the issue and has employed Blackburn, Childers and Steagall, PLC to prepare the financial statements to conform to professional standards.

Management's Response: Kinser Park Commission previously relied on others to make adjusting entries of this type. The Commission is committed to compliance with standards required by GASB. We appreciate your assistance in helping us achieve and maintain compliance.

Prior Year Findings Resolved

From the June 30, 2008 Report, page 23, Finding #2008-02 (Cash Receipts) was resolved during the current fiscal year.