

*Financial Statements*

GREENEVILLE-GREENE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT

Year Ended June 30, 2010

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

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

We have audited the accompanying statement of net assets of Greeneville-Greene County Emergency Communications District, a component unit of Greene County, Tennessee, as of June 30, 2010, and the related statement of revenue, expenses and change in net assets and statement of cash flows for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 of America. 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 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 opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Greeneville-Greene County Emergency Communications District as of June 30, 2010, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 to 5 and the required supplementary information on page 19 are not required parts of the basic financial statements but are 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. However, we did not audit this information and express no opinion thereon.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Greeneville-Greene County Emergency Communications District's basic financial statements. The accompanying schedule of expenditures of state awards is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2010 on our consideration of Greeneville-Greene County Emergency Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 other matters 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.

A handwritten signature in black ink that reads "Mitchell Emert + Hill". The signature is written in a cursive, flowing style.

December 7, 2010

## Management's Discussion and Analysis

As management of the Greenville-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, 2010. 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 \$903,284 (net assets). Of this amount, \$569,752 (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 \$903,284, a decrease of \$68,134 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 18 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.

#### Greenville-Greene County Emergency Communications District Statement of Net Assets

|                          | 2010              | 2009                |
|--------------------------|-------------------|---------------------|
| Current and Other Assets | \$ 609,389        | \$ 651,857          |
| Capital Assets           | <u>333,533</u>    | <u>353,438</u>      |
| Total Assets             | <u>\$ 942,922</u> | <u>\$ 1,005,295</u> |

|                                  |                   |                     |
|----------------------------------|-------------------|---------------------|
| Total Liabilities                | \$ 39,638         | \$ 33,877           |
| Net Assets:                      |                   |                     |
| Invested in capital assets       | 333,533           | 353,438             |
| Unrestricted                     | <u>569,752</u>    | <u>617,980</u>      |
| Total Liabilities and Net Assets | <u>\$ 942,922</u> | <u>\$ 1,005,295</u> |

The balance of unrestricted net assets, \$569,752, 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 \$68,134 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, 2010:

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

|                           | 2010              | 2009              |
|---------------------------|-------------------|-------------------|
| Revenues:                 |                   |                   |
| Operating Revenues:       |                   |                   |
| Charges for services      | \$ 407,590        | \$ 467,222        |
| Operational funding       | 154,448           | 120,041           |
| Non-Operating Revenues:   |                   |                   |
| Government appropriations | 126,239           | 128,815           |
| Other                     | 29,759            | 32,453            |
| Interest income           | <u>7,036</u>      | <u>13,553</u>     |
| Total Revenues            | 725,071           | 762,084           |
| Total Expenses            | <u>793,205</u>    | <u>777,545</u>    |
| Change in net assets      | (68,134)          | (15,461)          |
| Beginning Net Assets      | <u>971,418</u>    | <u>986,879</u>    |
| Ending Net Assets         | <u>\$ 903,284</u> | <u>\$ 971,418</u> |

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

**Budgetary Highlights**

There were several changes to the original budget regarding expense accounts. The board approved changes to distribute budgeted expenses from accounts which had less expenses than expected to accounts which had more expenses than originally expected. The board also approved budget amendments to distribute funds budgeted for equipment replacement to major capital asset expenditures.

## Capital Asset Administration

The District's investment in capital assets for its activities as of June 30, 2010, amounts to \$333,533 (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 new roof for the facility at a cost of 17,386
- A third dispatch station at a cost of \$20,283

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

|                        | 2010              | 2009              |
|------------------------|-------------------|-------------------|
| Furniture and fixtures | \$ 2,522          | \$ 3,574          |
| Automotive equipment   | 3,000             | 5,247             |
| Office Equipment       | 2,035             | 12,771            |
| Leasehold Improvements | 21,390            | 4,997             |
| Communications system  | <u>304,586</u>    | <u>326,849</u>    |
| Total capital assets   | <u>\$ 333,533</u> | <u>\$ 353,438</u> |

Additional information on the District's capital assets can be found in Note-D on page 15 of this report.

## Economic Factors and Next Year's Budget and Rates

Appropriations from Greene County and the Town of Greeneville will remain at the same level during fiscal year 2011. These factors were considered in preparing the District's budget for fiscal year 2011.

Rates were not increased for fiscal year 2010.

## 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, Greeneville, TN 37743

GREENEVILLE-GREENE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**STATEMENT OF NET ASSETS**

June 30, 2010

**ASSETS**

**CURRENT ASSETS**

|                     |  |              |
|---------------------|--|--------------|
| Cash                |  | \$ 557,522   |
| Accounts receivable |  | 20,571       |
| Due from TECB       |  | 27,016       |
| Prepaid expenses    |  | <u>4,280</u> |

**TOTAL CURRENT ASSETS** 609,389

**CAPITAL ASSETS**

|   |                  |                |
|---|------------------|----------------|
| Furniture and fixtures                    | \$ 6,636         |                |
| Computer equipment                        | 22,589           |                |
| Communications equipment                  | 516,340          |                |
| Vehicles                                  | 41,950           |                |
| Mapping                                   | 87,667           |                |
| Leasehold improvements                    | <u>25,070</u>    |                |
|   | 700,254          |                |
| Accumulated depreciation and amortization | <u>(366,721)</u> | <u>333,533</u> |

**TOTAL ASSETS** \$ 942,922

See the accompanying notes to the financial statements.

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

|                                  |  |               |
|----------------------------------|--|---------------|
| Accounts payable                 |  | \$ 7,406      |
| Wages payable                    |  | 15,235        |
| Accumulated compensated absences |  | <u>16,997</u> |

**TOTAL CURRENT LIABILITIES** 39,638

**NET ASSETS**

|                            |                |                |
|----------------------------|----------------|----------------|
| Invested in capital assets | \$ 333,533     |                |
| Unrestricted               | <u>569,752</u> | <u>903,284</u> |

**TOTAL LIABILITIES AND NET ASSETS** \$ 942,922

GREENEVILLE-GREENE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS**

Year Ended June 30, 2010

**OPERATING REVENUE**

|                                     |  |            |
|-------------------------------------|--|------------|
| Emergency telephone service charges |  | \$ 248,035 |
| TECB-shared wireless charge         |  | 159,246    |
| TECB-operational funding program    |  | 154,448    |
| Other operating revenue             |  | <u>309</u> |

**TOTAL OPERATING REVENUE** 562,038

**OPERATING EXPENSES**

|                          |    |               |         |
|--------------------------|----|---------------|---------|
| Salaries and wages:      |    |               |         |
| Director                 | \$ | 48,998        |         |
| Administrative personnel |    | 37,519        |         |
| Dispatchers              |    | 267,280       |         |
| Part-time personnel      |    | 37,952        |         |
| Training                 |    | 9,908         |         |
| Overtime                 |    | <u>10,790</u> | 412,447 |

|                    |  |               |         |
|--------------------|--|---------------|---------|
| Employee benefits: |  |               |         |
| Payroll taxes      |  | 30,295        |         |
| Medical insurance  |  | 77,996        |         |
| Life insurance     |  | 402           |         |
| Retirement         |  | <u>33,709</u> | 142,403 |

|  |  |              |         |
|--|--|--------------|---------|
| Contracted services:                             |  |              |         |
| Auditing services                                |  | 7,000        |         |
| Fees paid to service providers                   |  | 3,177        |         |
| Janitorial services                              |  | 580          |         |
| Maintenance agreements                           |  | 40,363       |         |
| Lease/Rental-communications equipment            |  | 82,985       |         |
| Maintenance and repairs-communications equipment |  | 725          |         |
| Maintenance and repairs-buildings and facilities |  | 1,808        |         |
| Maintenance and repairs-vehicles                 |  | 798          |         |
| Fuel-vehicles                                    |  | <u>1,213</u> | 138,649 |

GREENEVILLE-GREENE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS**

(continued)

Year Ended June 30, 2010

|                                 |              |                |
|---------------------------------|--------------|----------------|
| Supplies and materials:         |              |                |
| Office supplies                 | 1,543        |                |
| Custodial supplies              | 157          |                |
| Data processing supplies        | 3,291        |                |
| Postage                         | 119          |                |
| Small equipment purchases       | 1,076        |                |
| Uniforms                        | 444          |                |
| Utilities-electric              | 10,658       |                |
| Utilities-water and sewer       | 454          |                |
| Utilities-general telephone     | 6,681        |                |
| Utilities-cell phone            | <u>958</u>   | 25,380         |
| Other charges:                  |              |                |
| Dues and memberships            | 830          |                |
| Training                        | 614          |                |
| Insurance-liability             | 10,768       |                |
| Premiums on surety bonds        | 689          |                |
| Public education                | 357          |                |
| Travel                          | 1,448        |                |
| Bank charges                    | 40           |                |
| Internet service                | 719          |                |
| Miscellaneous                   | <u>1,288</u> | 16,753         |
| Depreciation                    |              | <u>57,574</u>  |
| <b>TOTAL OPERATING EXPENSES</b> |              | <u>793,205</u> |
| <b>(LOSS) FROM OPERATIONS</b>   |              | (231,167)      |

GREENEVILLE-GREENE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS**

(continued)

Year Ended June 30, 2010

**NON-OPERATING REVENUE**

|                                       |              |                |
|---------------------------------------|--------------|----------------|
| Contributions from primary government | 94,683       |                |
| Contributions from other government   | 31,556       |                |
| TECB-grants                           | 22,000       |                |
| Reimbursements                        | 7,759        |                |
| Interest income                       | <u>7,036</u> | <u>163,033</u> |

**CHANGE IN NET ASSETS** (68,134)

**NET ASSETS AT THE BEGINNING OF THE YEAR** 971,418

**NET ASSETS AT THE END OF THE YEAR** \$ 903,284

See the accompanying notes to the financial statements.

GREENEVILLE-GREENE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**STATEMENT OF CASH FLOWS**

Year Ended June 30, 2010

|  |                          |
|--|--------------------------|
| <b>CASH PROVIDED(USED) BY OPERATING ACTIVITIES</b>                             |                          |
| Cash received from telephone charges   | \$ 616,853               |
| Cash paid to suppliers   | (320,383)                |
| Cash paid to employees   | <u>(409,487)</u>         |
| <b>NET CASH (USED) BY OPERATING ACTIVITIES</b>                                 | (113,016)                |
| <b>CASH PROVIDED(USED) BY CAPITAL AND<br/>RELATED FINANCING ACTIVITIES</b>     |                          |
| Acquisition of capital assets  | (37,669)                 |
| <b>CASH PROVIDED(USED) BY NON-CAPITAL AND<br/>RELATED FINANCING ACTIVITIES</b> |                          |
| Contributions from primary government  | \$ 94,683                |
| Contributions from other government  | 31,556                   |
| TECB-grants  | 22,000                   |
| Reimbursements   | <u>7,759</u>             |
| <b>NET CASH PROVIDED BY NON-CAPITAL<br/>AND RELATED FINANCING ACTIVITIES</b>   | 155,998                  |
| <b>CASH PROVIDED(USED) BY INVESTING ACTIVITIES</b>                             |                          |
| Interest received  | <u>7,036</u>             |
| <b>NET INCREASE IN CASH</b>  | 12,348                   |
| <b>CASH AT THE BEGINNING OF THE YEAR</b>                                       | <u>545,175</u>           |
| <b>CASH AT THE END OF THE YEAR</b>   | <u><u>\$ 557,522</u></u> |

GREENEVILLE-GREENE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**STATEMENT OF CASH FLOWS**

(continued)

Year Ended June 30, 2010

**RECONCILIATION OF (LOSS) FROM  
OPERATIONS TO NET CASH (USED)  
BY OPERATING ACTIVITIES**

|  |                |                            |
|--|----------------|----------------------------|
| (Loss) from operations   |                | \$ (231,167)               |
| Adjustments to reconcile (loss) from operations to<br>net cash (used) by operating activities: |                |                            |
| Depreciation   | \$ 57,574      |                            |
| Decrease in:   |                |                            |
| Accounts receivable  | 1,915          |                            |
| Due from TECB  | 52,900         |                            |
| Increase (decrease) in:  |                |                            |
| Accounts payable   | 2,801          |                            |
| Wages payable  | 4,393          |                            |
| Accumulated compensated absences   | <u>(1,433)</u> | <u>118,150</u>             |
| <b>NET CASH (USED) BY OPERATING ACTIVITIES</b>   |                | <b><u>\$ (113,016)</u></b> |

See the accompanying notes to the financial statements.

GREENEVILLE-GREENE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2010

**NOTE A - DESCRIPTION OF ORGANIZATION**

Greenville-Greene County Emergency Communications District (the District) was established on November 8, 1988, pursuant to the provisions of Chapter 867 of the Public Acts of 1984 of the State of Tennessee. The District is responsible for furnishing local emergency telephone service and a primary emergency telephone number for the residents of Greene County, Tennessee. The District is governed by a nine-member Board of Directors appointed by the County Commissioners of Greene County, Tennessee. The Board of Directors has the authority to levy an emergency telephone service charge to be used to fund the operations of the District. The District began collecting telephone user fees in May 1989, and began operations during the year ended June 30, 1990.

The District is considered a component unit of Greene County, Tennessee because the Greene County Mayor appoints, and the Greene County Commissioners affirms, the District's Board of Directors and must approve most debt issued by the District.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The District uses the accrual basis of accounting. Revenue is recognized when earned and measurable, and expenses are recognized when the liability is incurred. Operating revenue is revenue that is generated from the primary operations of the District. All other revenue is reported as non-operating revenue. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

The District follows all pronouncements of the Governmental Accounting Standards Board (GASB) and pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989. The District has not elected to follow FASB pronouncements issued after November 30, 1989.

GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset groups:

GREENEVILLE-GREENE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2010

Invested in capital assets: This category includes capital assets, net of accumulated depreciation. Invested in capital assets at June 30, 2010 has been calculated as follows:

|                          |                   |
|--------------------------|-------------------|
| Capital assets           | \$ 700,254        |
| Accumulated depreciation | <u>(366,721)</u>  |
|                          | <u>\$ 333,533</u> |

Restricted: This category includes net assets whose use is subject to externally imposed stipulations that can be fulfilled by actions of the District pursuant to those stipulations or that expire by the passage of time. The District had no restricted net assets as of June 30, 2010.

Unrestricted: This category includes net assets that are not subject to externally imposed stipulations and that do not meet the definition of “restricted” or “invested in capital assets”. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Accounts Receivable

Accounts receivable which are deemed uncollectible based upon a periodic review of the accounts are charged to revenue. At June 30, 2010, no allowance for uncollectible accounts was considered necessary.

Capital Assets

Capital assets, which include property and equipment, are recorded at cost and defined by the District as assets with an initial, individual cost of \$1,000 or more. Depreciation is computed using the straight-line method over the estimated useful lives, which range from five to twenty-five years.

Operating Budget

The District is required by state law to adopt an annual operating budget. The Board of Directors approves the original budget and any amendments, and maintains the legal level of control at the line item level. The budget is prepared on the accrual basis of accounting. All appropriations lapse at the end of the year.

GREENEVILLE-GREENE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2010

Compensated Absences

District employees are granted vacation and sick leave in varying amounts and may accumulate sick leave indefinitely which may then be used for early retirement. The District's policies do not provide for an employee to be paid for any unused sick leave in the event of termination. Vacation leave may be accumulated up to 160 hours. Any hours over 160 will be transferred to the employee's sick leave account. Employees may receive payment for unused vacation leave, up to the 160 hour maximum, upon termination or resignation. Accumulated vacation leave is recorded as an expense and liability as the benefits accrue to the employees. No liability is recorded for accumulated sick leave.

**NOTE C - CASH**

Cash is stated at cost, which approximates market value. The District considers all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents.

State of Tennessee law authorizes the District to invest in obligations of the United States or its agencies, non-convertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the state treasurer's local government investment pool. The pool contains investments in certificates of deposit, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool. Although the District may participate in the state investment pool, it elects not to.

District policy dictates that collateral meet certain requirements, such as, be deposited in an institution which participates in the state collateral pool or be deposited in an escrow account in another institution for the benefit of the District and must be a minimum of 105% of the value of the deposits placed in the institution less the amount protected by federal deposit insurance. The state collateral pool is administered by the State of Tennessee. Members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional agreement, public fund accounts covered by the pool are considered to be insured in accordance with GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*.

All of the District's cash and cash equivalent balances at June 30, 2010 were either insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the District's agent in the District's name.

GREENEVILLE-GREENE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2010

**NOTE D - CAPITAL ASSETS**

|   | <u>Balance</u><br><u>7/1/09</u> | <u>Additions</u>   | <u>Retirements</u> | <u>Balance</u><br><u>6/30/10</u> |
|---|---------------------------------|--------------------|--------------------|----------------------------------|
| <u>Capital assets being depreciated</u> |                                 |                    |                    |                                  |
| Furniture and fixtures                  | \$ 6,636                        | \$ 0               | \$ 0               | \$ 6,636                         |
| Office equipment                        | 22,589                          | 0                  | 0                  | 22,589                           |
| Communications equipment                | 496,057                         | 20,283             | 0                  | 516,340                          |
| Vehicles                                | 41,950                          | 0                  | 0                  | 41,950                           |
| Mapping                                 | 87,667                          | 0                  | 0                  | 87,667                           |
| Leasehold improvements                  | <u>7,684</u>                    | <u>17,386</u>      | <u>0</u>           | <u>25,070</u>                    |
|   | 662,584                         | 37,669             | 0                  | 700,254                          |
| <br><u>Accumulated depreciation</u>     |                                 |                    |                    |                                  |
| Furniture and fixtures                  | (3,063)                         | (1,052)            | 0                  | (4,114)                          |
| Office equipment                        | (18,568)                        | (1,986)            | 0                  | (20,554)                         |
| Communications equipment                | (160,458)                       | (51,296)           | 0                  | (211,754)                        |
| Vehicles                                | (36,703)                        | (2,246)            | 0                  | (38,949)                         |
| Mapping                                 | (87,667)                        | (0)                | 0                  | (87,667)                         |
| Leasehold improvements                  | <u>(2,687)</u>                  | <u>(994)</u>       | <u>0</u>           | <u>(3,681)</u>                   |
|   | <u>(309,146)</u>                | <u>(57,574)</u>    | <u>0</u>           | <u>(366,720)</u>                 |
|   | <u>\$ 353,438</u>               | <u>\$ (19,905)</u> | <u>\$ 0</u>        | <u>\$ 333,533</u>                |

GREENEVILLE-GREENE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2010

**NOTE E - PENSION PLAN**

Plan Description

Employees of the District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 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 5 years of service who become disabled and cannot engage in gainful employment. There is no service requirement for a disability that is the result of an accident or injury occurring while the member was in the performance of his duties.

Members joining the system after July 1, 1979 become vested after 5 years of service and members joining prior to July 1, 1979 were vested after 4 years of service. Benefit provisions are established in the 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 District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of the 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

The District requires employees to contribute 5.0 % of earnable compensation. The District is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010 was 9.66% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the District is established and may be amended by the TCRS Board of Trustees.

GREENEVILLE-GREENE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2010

Annual Pension Cost

For the year ended June 30, 2010, the District's annual pension cost of \$33,709 to TCRS was equal to the District'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) a rate of return on investment of present and future assets of 7.5% a year compounded annually, (b) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5% annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0% 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. The District'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, 2009, which established contribution rates effective July 1, 2010.

Trend Information

| <u>Year Ended</u> | <u>Annual Pension Cost(APC)</u> | <u>Percentage of APC Contribution</u> | <u>Net Pension Obligation</u> |
|-------------------|---------------------------------|---------------------------------------|-------------------------------|
| 6/30/10           | \$ 33,709                       | 100.00%                               | \$ 0                          |
| 6/30/09           | 32,191                          | 100.00%                               | 0                             |
| 6/30/08           | 24,053                          | 100.00%                               | 0                             |

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 69.34% funded. The actuarial accrued liability for benefits was \$760,000, and the actuarial value of assets was \$530,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$230,000. The covered payroll (annual payroll of active employees covered by the plan) was \$330,000, and the ratio of the UAAL to the covered payroll was 70.78%.

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

GREENEVILLE-GREENE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2010

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.

|  |            |            |
|--|------------|------------|
| Actuarial valuation date                   | 7/1/09     | 7/1/07     |
| Actuarial value of plan assets             | \$ 527,000 | \$ 437,000 |
| Actuarial accrued liability (AAL)          | 759,000    | 559,000    |
| Unfunded AAL (UAAL)                        | 233,000    | 122,000    |
| Funded ratio                               | 69.34%     | 78.18%     |
| Covered payroll                            | 329,000    | 287,000    |
| UAAL as a percentage of<br>covered payroll | 70.78%     | 42.51%     |

**NOTE F - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss, including general liability and workers' compensation coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

GREENEVILLE-GREENE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**FUNDING PROGRESS – POLITICAL SUBDIVISION**  
**PENSION PLAN SUPPLEMENTARY INFORMATION**

June 30, 2010

|  |            |            |
|--|------------|------------|
| Actuarial valuation date                   | 7/1/09     | 7/1/07     |
| Actuarial value of plan assets             | \$ 527,000 | \$ 437,000 |
| Actuarial accrued liability (AAL)          | 759,000    | 559,000    |
| Unfunded AAL (UAAL)                        | 233,000    | 122,000    |
| Funded ratio                               | 69.34%     | 78.18%     |
| Covered payroll                            | 329,000    | 287,000    |
| UAAL as a percentage of<br>covered payroll | 70.78%     | 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.

See the accompanying independent accountants' audit report.

OTHER SUPPLEMENTARY INFORMATION

GREENEVILLE-GREENE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET**

Year Ended June 30, 2010

|  | <u>Actual</u><br><u>(Accrual basis)</u> | <u>Budget</u><br><u>(Accrual basis)</u> | <u>Variance</u><br><u>Over (Under)</u> |
|--|---|---|--|
| <b>OPERATING REVENUE</b>                             |   |   |  |
| Emergency telephone service charges                  | \$ 248,035                              | \$ 298,500                              | \$ (50,465)                            |
| TECB-shared wireless charge                          | 159,246                                 | 120,000                                 | 39,246                                 |
| TECB-operational funding program                     | 154,448                                 | 120,041                                 | 34,407                                 |
| Other operating revenue                              | <u>309</u>                              | <u>100</u>                              | <u>209</u>                             |
| <b>TOTAL OPERATING REVENUE</b>                       | <b>562,038</b>                          | <b>538,641</b>                          | <b>23,397</b>                          |
| <b>OPERATING EXPENSES</b>                            |   |   |  |
| Salaries and wages:                                  |   |   |  |
| Director   | 48,998                                  | 49,005                                  | (7)                                    |
| Administrative personnel                             | 37,519                                  | 55,493                                  | (17,974)                               |
| Dispatchers  | 267,280                                 | 318,786                                 | (51,506)                               |
| Part-time personnel                                  | 37,952                                  | 44,437                                  | (6,485)                                |
| Training   | 9,908                                   | 12,000                                  | (2,092)                                |
| Overtime   | <u>10,790</u>                           | <u>11,000</u>                           | <u>(210)</u>                           |
|  | 412,447                                 | 490,721                                 | (78,274)                               |
| Employee benefits:                                   |   |   |  |
| Payroll taxes  | 30,295                                  | 41,290                                  | (10,995)                               |
| Medical insurance                                    | 77,996                                  | 90,120                                  | (12,124)                               |
| Life insurance                                       | 402                                     | 435                                     | (33)                                   |
| Retirement   | <u>33,709</u>                           | <u>33,710</u>                           | <u>(1)</u>                             |
|  | 142,403                                 | 165,555                                 | (23,152)                               |
| Contracted services:                                 |   |   |  |
| Audit services                                       | 7,000                                   | 7,500                                   | (500)                                  |
| Fees paid to service providers                       | 3,177                                   | 8,905                                   | (5,728)                                |
| Janitorial services                                  | 580                                     | 600                                     | (20)                                   |
| Addressing/Mapping                                   | 0                                       | 10,000                                  | (10,000)                               |
| Maintenance agreements                               | 40,363                                  | 55,729                                  | (15,366)                               |
| Lease/Rental-communications equipment                | 82,985                                  | 108,000                                 | (25,015)                               |
| Maintenance and repairs-<br>communications equipment | 725                                     | 7,500                                   | (6,775)                                |

GREENEVILLE-GREENE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET**

(continued)

Year Ended June 30, 2010

|  | <u>Actual</u><br><u>(Accrual basis)</u> | <u>Budget</u><br><u>(Accrual basis)</u> | <u>Variance</u><br><u>Over (Under)</u> |
|--|---|---|--|
| Contracted services(continued):                      |   |   |  |
| Maintenance and repairs-<br>buildings and facilities | 1,808                                   | 5,000                                   | (3,192)                                |
| Maintenance and repairs-<br>office equipment         | 0                                       | 2,000                                   | (2,000)                                |
| Maintenance and repairs-vehicles                     | 798                                     | 1,600                                   | (802)                                  |
| Fuel-vehicles  | 1,213                                   | 2,400                                   | (1,187)                                |
|  | <u>138,649</u>                          | <u>209,234</u>                          | <u>(70,585)</u>                        |
| Supplies and materials:                              |   |   |  |
| Office supplies                                      | 1,543                                   | 4,200                                   | (2,657)                                |
| Custodial supplies                                   | 157                                     | 200                                     | (43)                                   |
| Data processing supplies                             | 3,291                                   | 3,300                                   | (9)                                    |
| Postage  | 119                                     | 300                                     | (181)                                  |
| Small equipment purchases                            | 1,076                                   | 5,000                                   | (3,924)                                |
| Uniforms   | 444                                     | 2,500                                   | (2,056)                                |
| Utilities-electric                                   | 10,658                                  | 10,700                                  | (42)                                   |
| Utilities-water and sewer                            | 454                                     | 600                                     | (146)                                  |
| Utilities-general telephone                          | 6,681                                   | 7,700                                   | (1,019)                                |
| Utilities-cell phone                                 | 958                                     | 1,440                                   | (482)                                  |
|  | <u>25,380</u>                           | <u>35,940</u>                           | <u>(10,560)</u>                        |
| Other charges:                                       |   |   |  |
| Dues and memberships                                 | 830                                     | 1,350                                   | (520)                                  |
| Training   | 614                                     | 5,500                                   | (4,886)                                |
| Insurance-liability                                  | 10,768                                  | 11,800                                  | (1,032)                                |
| Premiums on surety bonds                             | 689                                     | 1,600                                   | (911)                                  |
| Public education                                     | 357                                     | 1,200                                   | (844)                                  |
| Travel   | 1,448                                   | 1,500                                   | (52)                                   |
| Bank charges   | 40                                      | 100                                     | (60)                                   |
| Internet service                                     | 719                                     | 720                                     | (1)                                    |
| Miscellaneous  | 1,288                                   | 1,450                                   | (162)                                  |
|  | <u>16,753</u>                           | <u>25,220</u>                           | <u>(8,467)</u>                         |

GREENEVILLE-GREENE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET**

(continued)

Year Ended June 30, 2010

|  | <u>Actual</u><br>(Accrual basis) | <u>Budget</u><br>(Accrual basis) | <u>Variance</u><br>Over (Under) |
|--|----------------------------------|----------------------------------|---------------------------------|
| Depreciation                                       | <u>57,574</u>                    | <u>60,000</u>                    | <u>(2,426)</u>                  |
| <b>TOTAL OPERATING EXPENSES</b>                    | <u>793,205</u>                   | <u>986,670</u>                   | <u>(193,465)</u>                |
| <b>(LOSS) FROM OPERATIONS</b>                      | (231,167)                        | (448,029)                        | 216,862                         |
| <b>NON-OPERATING REVENUE</b>                       |                                  |                                  |                                 |
| Contributions from primary government              | 94,683                           | 94,683                           | 0                               |
| Contributions from other government                | 31,556                           | 31,556                           | 0                               |
| TECB-grants  | 22,000                           | 22,000                           | 0                               |
| Reimbursements                                     | 7,759                            | 6,674                            | 1,085                           |
| Interest income                                    | <u>7,036</u>                     | <u>8,000</u>                     | <u>(964)</u>                    |
|  | <u>163,033</u>                   | <u>162,913</u>                   | <u>120</u>                      |
| <b>CHANGE IN NET ASSETS</b>                        | (68,134)                         | (285,116)                        | 216,982                         |
| <b>NET ASSETS AT THE BEGINNING<br/>OF THE YEAR</b> | <u>971,418</u>                   | <u>971,418</u>                   | <u>0</u>                        |
| <b>NET ASSETS AT THE END<br/>OF THE YEAR</b>       | <u>\$ 903,284</u>                | <u>\$ 686,302</u>                | <u>\$ 216,982</u>               |

See the accompanying independent accountants' audit report.

GREENEVILLE-GREENE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**EXPENDITURES OF STATE AWARDS**

Year Ended June 30, 2010

| <u>Grant Number</u> | <u>Grant Purpose</u>   | <u>Federal Grantor/<br/>Pass-Through Grantor</u>  |
|---------------------|------------------------|---|
| N/A                 | Dispatcher Training    | Tennessee Department of<br>Commerce and Insurance |
| N/A                 | Mapping and Addressing | Tennessee Department of<br>Commerce and Insurance |

See the accompanying independent accountants' audit report.

| <u>Receivable<br/>July 1, 2009</u> | <u>Receipts</u>  | <u>Expenditures</u> | <u>Receivable<br/>June 30, 2010</u> |
|------------------------------------|------------------|---------------------|-------------------------------------|
| \$ 0                               | \$ 12,000        | \$ 12,000           | \$ 0                                |
| <u>0</u>                           | <u>10,000</u>    | <u>10,000</u>       | <u>0</u>                            |
| <u>\$ 0</u>                        | <u>\$ 22,000</u> | <u>\$ 22,000</u>    | <u>\$ 0</u>                         |

GREENEVILLE-GREENE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**PUBLIC SAFETY ANSWERING POINTS**

June 30, 2010

There is one public safety answering point (PSAP) utilized by Greeneville-Greene County Emergency Communications District (the District).

The PSAP is located at the District's office at 111 Union Street, Greeneville, TN 37743.

The District uses the following system and/or equipment:

Plant/CML 9-1-1 System

See the accompanying independent accountants' audit report.

GREENEVILLE-GREENE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**ROSTER OF OFFICIALS**

June 30, 2010

Director

Jerry Bird  
111 Union Street  
Greeneville, TN 37743  
Telephone number: 423-638-8663  
Telefax number: 423-638-9166

Chairman of the Board of Directors

William Holt  
545 Slate Creek Road  
Greeneville, TN 37743  
Telephone number: 423-639-9129

Members of the Board of Directors

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

See the accompanying independent accountants' audit report.

INTERNAL CONTROL

AND

COMPLIANCE

INDEPENDENT ACCOUNTANTS' 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*

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

We have audited the financial statements of Greeneville-Greene County Emergency Communications District, a component unit of Greene County, Tennessee, as of and for the year ended June 30, 2010 and have issued our report thereon dated December 7, 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 of America.

Internal Control Over Financial Reporting

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

Our consideration of the 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## 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, 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*.

The prior year findings, 2009-01, related to actual expenses over budgeted amounts and 2009-02, related to invoice cancellation, were corrected during the year.

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

*Mitchell Emert + Hill*

December 7, 2010