GREENEVILLE-GREENE COUNTY AIRPORT AUTHORITY

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITORS' REPORT

For the Fiscal Year Ended June 30, 2011

GREENEVILLE - GREENE COUNTY AIRPORT AUTHORITY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

WITH INDEPENDENT AUDITORS' REPORT

For the Fiscal Year Ended June 30, 2011

GREENEVILLE - GREENE COUNTY AIRPORT AUTHORITY
TABLE OF CONTENTS
June 30, 2011

	PAGE NUMBER
I. FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
FINANCIAL STATEMENTS	
Statement of Net Assets	7
Statement of Activities	8
Governmental Fund Balance Sheet	9
Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Notes to Financial Statements	12
II. SUPPLEMENTARY INFORMATION SECTION	
Schedule of Expenditures of Federal Awards	22
Schedule of Expenditures of State Awards	23
III. INTERNAL CONTROL AND COMPLIANCE SECTION	
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*	24
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and On Internal Control over Compliance in Accordance with OMB Circular A-133	26
Schedule of Findings and Questioned Costs	28

Blackburn, Childers & Steagall, PLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
AMERICAN INSTITUTE OF CERTIFED PUBLIC ACCOUNTANTS

CELEBRATING OUR 50TH ANNIVERSARY

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Greeneville - Greene County Airport Authority
Greeneville, Tennessee

We have audited the accompanying financial statements of the governmental activities and the major fund of the Greeneville - Greene County Airport Authority (the Authority) as of and for the fiscal year ended June 30, 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Authority as of June 30, 2011, and the changes in financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 11, the Authority has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the fiscal year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2012, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Johnson City 801B Sunset Drive, Johnson City, TN 37604 (423) 282-4511 Fax (423) 283-4532
Kingsport 440 E. Sullivan Street, Kingsport, TN 37660 (423) 246-1725 Fax (423) 247-6800
Greeneville 550 Tusculum Boulevard, Greeneville, TN 37745 (423) 638-8516 Fax (423) 638-3361

website: http://www.BCScpa.com e-mail: BCS@BCScpa.com

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements as a whole. The schedule of expenditures of state awards is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The schedules of expenditures of state and federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

January 23, 2012

This section of the Greeneville-Greene County Airport Authority's annual financial report presents a narrative overview and analysis of the Authority's financial performance for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- The assets of the Airport Authority exceeded its liabilities at the close of the most recent fiscal year by $9.6 million (net assets). Of this amount, $270,548 may be used to meet the Authority's ongoing obligations to citizens and creditors (unrestricted net assets).

- During the year, the Airport generated $4.1 million from operations and other revenues. This compares with $4.49 million of expenses.

- At the close of the current fiscal year, the Airport's general fund reported a fund balance of $2,889 a decrease of $331,327 in comparison with the prior year. Of the total, $593 is available for spending at the Airport's discretion (unassigned fund balance).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Airport Authority's financial statements. The basic financial statements consist of these parts: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net assets presents information on all of the Airport'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 Airport is improving or deteriorating.

The statement of activities presents information showing how the Airport's net assets changed during the most recent fiscal year. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

Fund financial statements. The fund financial statements provide more detailed information about the Airport's only governmental fund. The focus of this fund is on (1) how cash and other financial assets that can readily be converted to cash were received and used and (2) what remains at the end of the fiscal year for future spending.

Notes to the financial statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The additional information contained in these notes is essential to a full understanding of the information provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements discussed above, the report also presents supplementary information about the Airport's federal and state grant activity for the current fiscal year.

Financial Analysis of the Airport Authority as a Whole

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Airport Authority, assets exceeded liabilities by $9.6 million at the close of the most recent fiscal year. The largest portion of the Airport's net assets (97 percent) reflects its investment in capital assets. Because capital assets are used to provide services to citizens, the assets are not available for future spending.

The remaining balance of $270,548 may be used to meet the Airport's expected obligations. Several grant related projects were ongoing at year end. These are recorded and reflected in Grants Receivable and Accounts Payable. At the end of the fiscal year, the Airport Authority is able to report positive balances in all categories of net assets.

Greeneville - Greene County Airport Authority's Net Assets
(in thousands)

	2011	2010
Current and Other Assets	$ 658	551
Capital Assets	10,323	6,217
Total Assets	10,981	6,768
Long-Term Debt	845	926
Other Liabilities	468	293
Total Liabilities	1,313	1,219
Invested in Capital Assets, Net of Related Debt	9,398	5,230
Unrestricted	270	319
Total Net Assets	$ 9,668	5,549

The Airport's net assets increased by $4,119 million during the fiscal year. The following is a summary of financial activities for the Airport during the fiscal year ended June 30, 2011:

Greeneville - Greene County Airport Authority's Changes in Net Assets
(in thousands)

	2011	2010
Revenues		
Program revenues		
Charges for Services	$ 254	261
Grants	4,105	2,040
General Revenues		
Fuel Taxes	11	10
Intergovernmental Revenues	61	61
Total Revenues	4,431	2,372
Expenses		
Airport Operations	266	264
Interest on Long-Term Debt	46	48
Total Expenses	312	312
Change in Net Assets	4,119	2,060
Net Assets, Beginning of Period	5,549	3,489
Net Assets, End of Period	$ 9,668	5,549

Financial Analysis of the Airport Authority's Funds

Governmental funds focus on providing information on the near-term flow of resources and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of the Airport's net resources available for spending at the end of the fiscal year.

The general fund is the only operating fund of the Airport Authority. At the end of the current fiscal year, unassigned fund balance was $593 and nonspendable fund balance of $2,296, a decrease of $331,327 from the prior year's unreserved fund balance.

Capital Assets and Debt Administration

Capital Assets

At the end of this year, the Airport Authority had $10.3 million (net of accumulated depreciation) invested in capital assets. This investment includes land, buildings and improvements, and equipment. The table below shows the investment in capital assets for the current and previous fiscal year.

Greeneville - Greene County Airport Authority's Capital Assets
(in thousands)

	2011	2010
Land	$ 1,039	1,039
Buildings and Improvements	3,936	3,936
Other Fixed Assets	252	252
Construction In Progress	7,059	2,843
Less Accumulated Depreciation	(1,963)	(1,853)
	$ 10,323	6,217

Debt

At year-end the Airport had $926,000 on long-term debt outstanding, a decrease of 7.4% from last year.

Greeneville - Greene County Airport Authority's Long-Term Debt
(in thousands)

	2011	2010
Capital Outlay Note	$ 81	74
General Obligation Bonds	845	926
Total Long-Term Debt	$ 926	1,000

Requests for Information

This financial report is designed to provide a general overview of Greeneville-Greene County Airport Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town of Greeneville, Recorder's Office, 200 North College Street, Greeneville, Tennessee 37745.

GREENEVILLE - GREENE COUNTY AIRPORT AUTHORITY
STATEMENT OF NET ASSETS
June 30, 2011

	Total Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 333,227
Accounts Receivable	8,988
Grants Receivable	302,213
Prepaid Expenses	2,296
Bond Issue Costs	11,482
Capital Assets	
Land	1,038,791
Construction in Progress	7,059,324
Buildings and Improvements	3,935,897
Other Fixed Assets	252,400
Less: Accumulated Depreciation	(1,962,721)
TOTAL ASSETS	10,981,897
LIABILITIES	
Accounts Payable	321,726
Retainage Payable	45,222
Accrued Interest	14,382
Unearned Revenues	6,328
Long-Term Liabilities	
Due within one year	81,000
Due within more than one year	845,000
TOTAL LIABILITIES	1,313,658
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	9,397,691
Unrestricted	270,548
TOTAL NET ASSETS	$ 9,668,239

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

GREENEVILLE - GREENE COUNTY AIRPORT AUTHORITY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

		PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS	
				Primary Government	
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Total
PRIMARY GOVERNMENT					
GOVERNMENTAL ACTIVITIES					
Airport Operations	$ 265,991	254,109	4,105,261	4,093,379	4,093,379
Interest on Long-Term Debt	45,713	-	-	(45,713)	(45,713)
TOTAL GOVERNMENTAL ACTIVITIES	311,704	254,109	4,105,261	4,047,666	4,047,666
	GENERAL REVENUES				
	Fuel Taxes			10,961	10,961
	Intergovernmental Revenues			60,760	60,760
	TOTAL GENERAL REVENUES			71,721	71,721
	CHANGE IN NET ASSETS			4,119,387	4,119,387
	NET ASSETS - BEGINNING			5,548,852	5,548,852
	NET ASSETS - ENDING			$ 9,668,239	9,668,239

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

GREENEVILLE - GREENE COUNTY AIRPORT AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2011

	Total General Fund
ASSETS	
Cash and Cash Equivalents	$ 333,227
Accounts Receivable	8,988
Grants Receivable	302,213
Prepaid Expenses	2,296
TOTAL ASSETS	$ 646,724
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	$ 321,726
Retainage Payable	45,222
Deferred Revenue	276,887
TOTAL LIABILITIES	643,835
FUND BALANCES	
Nonspendable	2,296
Unassigned	593
TOTAL FUND BALANCES	2,889
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $12,286,412 and the accumulated depreciation is $1,962,721.	10,323,691
Bond issue costs are treated as an expenditure when paid in governmental funds. They are considered an asset for full accrual purposes and amortized over the life of the debt.	11,482
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the funds.	270,559
Accrued interest is not due and payable in the current period and, therefore, is not reported as a liability in the funds.	(14,382)
Long-term liabilities, including both bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(926,000)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ 9,668,239

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

GREENEVILLE - GREENE COUNTY AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
For the Fiscal Year Ended June 30, 2011

	Total General Fund
REVENUES	
Charges for Sales and Services	$ 254,109
Intergovernmental Revenues	60,760
Grants and Contributions	3,834,702
Flow Tax on Fuel	10,961
TOTAL REVENUES	4,160,532
EXPENDITURES	
Airport Operations	156,221
Debt Service	119,769
Capital Projects	4,215,869
TOTAL EXPENDITURES	4,491,859
NET CHANGE IN FUND BALANCE	(331,327)
FUND BALANCE, JULY 1, 2010	334,216
FUND BALANCE, JUNE 30, 2011	$ 2,889

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

GREENEVILLE - GREENE COUNTY AIRPORT AUTHORITY
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, 2011

Amounts reported for governmental activities in the Statement of Activities are different because:	
Net Change in Fund Balance - Total Governmental Funds	$ (331,327)
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 capital outlay of $4,215,869 exceeded depreciation of $109,770 in the current period.	4,106,099
Governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount reflects the change in amortization expense for the year.	(883)
Interest expense reported in the Statement of Activities does not require the use of current financial resources. Therefore it is not reported as an expenditure in the governmental funds. This amount reflects the change in interest expense for the year.	939
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.	270,559
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	74,000
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ 4,119,387

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Greeneville - Greene County Airport Authority (the Authority) is a joint venture of the Town of Greeneville, Tennessee (the Town) and Greene County, Tennessee (the County). The Authority was chartered in 1980 to develop and operate aviation facilities to service the Town and the County and is dependent upon ongoing funding from them.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records 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, if measurable. Exceptions to this general rule included principal and interest on general obligation long-term debt, which is recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds.

The financial statements of the Authority 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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Government-Wide Statements

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 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 Authority's policy to use restricted resources first.

The government-wide Statement of Activities reports both the gross and net costs of the Authority'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 Authority as an entity and the changes in the Authority's net assets resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the Authority 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. The fund is reported by generic classification within the financial statements.

Governmental Fund

The Governmental Fund is used by the Authority. 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 Authority. All financial resources are accounted for in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

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

Cash and Cash Equivalents

The Authority 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, 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 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity

Beginning with fiscal year July 1, 2010, the Authority implemented GASB Statement No. 54, "Fund Balance Reporting and Government Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed upon a government's fund balances more transparent. The Town of Greeneville currently accounts for activities of the Authority and for accounting and reporting purposes, the Town of Greeneville will consider the Authority to follow the Town of Greeneville's policies on spending order and opening balances until a separate policy is approved and presented by the separate board of the Authority. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that cannot be spent due to their form (such as inventory) or funds that legally or contractually must be maintained intact.

- Restricted fund balance – amounts that are mandated for a specific purpose by external parties, constitutional provisions, or by enabling legislation.

- Committed fund balance – amounts that are set aside for a specific purpose by the Town of Greeneville's Board of Mayor and Aldermen highest level of decision-making authority, which is by ordinance. Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

- Assigned fund balance – amounts the Authority intends to use for a specific purpose. Intent can be expressed by the Authority Board or by an official or body to which the Authority Board delegates the authority.

- Unassigned fund balance – amounts that are available for any purpose.

When both restricted and unrestricted funds are available for expenditures, the Authority resolves to expend restricted funds prior to the use of unrestricted funds, unless legal requirements disallow it. When expenditures are incurred for purposes for which committed, assigned, and unassigned funds are available, the Authority determines first expended committed amounts, followed by assigned amounts, and then unassigned amounts.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town of Greeneville is responsible for receiving and disbursing funds of the Authority. 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 of Greeneville. 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.

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 (LGIP); 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 Tennessee LGIP has not been rated by a nationally recognized statistical rating organization.

The Authority does not have a policy for interest rate risk or other credit risk other than pledging securities for amounts in excess of Federal Deposit Insurance Corporation (FDIC) coverage.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

The Authority's deposits are held in the Town's general operating bank account. At June 30, 2011, the carrying amount of the Authority's deposits was $333,227. The Authority's bank balance at June 30, 2011, was fully covered by FDIC insurance and through the bank's participation in the Tennessee Collateral Pool.

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2011, was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not being Depreciated:				
Land	$ 1,038,791	-	-	1,038,791
Construction in Progress	2,843,455	4,215,869	-	7,059,324
Total Capital Assets, Not Being Depreciated	3,882,246	4,215,869	0	8,098,115
Capital Assets, Being Depreciated				
Buildings and Improvements	3,935,897	-	-	3,935,897
Other Fixed Assets	252,400	-	-	252,400
Total Capital Assets, Being Depreciated	4,188,297	0	0	4,188,297
Less Accumulated Depreciation for:				
Buildings and Improvements	(1,604,244)	(80,480)	-	(1,684,724)
Other Fixed Assets	(248,707)	(29,290)	-	(277,997)
Total Accumulated Depreciation	(1,852,951)	(109,770)	0	(1,962,721)
Total Capital Assets, Being Depreciated, Net	2,335,346	(109,770)	0	2,225,576
Governmental Activities Capital Assets, Net	$ 6,217,592	4,106,099	0	10,323,691

Depreciation was Charged as Follows:

General Government	$ 109,770

NOTE 4 - DEFERRED REVENUE

As disclosed in Note 1, the Authority's revenue recognition policy defines the period of availability to mean collectible within the current period or within 60 days after year-end. Some federal and state grant programs included current year receivable balances which were not received within 60 days of year-end and as a result, are deferred in the funds. A total of $270,559 has been deferred in the governmental fund. This amount is reflected as a reconciling item for the government-wide presentation. Also, the Schedule of Expenditures of Federal and State Awards are being presented on the accrual basis of accounting in which the $270,559 is accrued.

NOTE 5 - OPERATING LEASE REVENUES

A portion of the airport facilities was leased to a transportation company for a twenty-five year period ending July 27, 2006, which was then renewed for an additional ten year period, with monthly payments of $9,020. The lessee has an exclusive option to renew this agreement for two consecutive periods. This lease is classified as an operating lease.

Another operating lease agreement was entered in January 2005 for a three year period and was renewed for another three years in January 2008, with a monthly payment of $1,435. The following is a schedule of future minimum lease payments due to the Authority as of June 30, 2011:

Fiscal Year Ended June 30	
2012	$ 125,462
2013	125,462
2014	116,852
2015	108,242
2016	108,242
	$ 584,260

NOTE 6 - LONG-TERM DEBT

The Town issued $1,310,000 in General Obligation Bonds on September 1, 2003 for the purpose of providing funds to finance the acquisition, construction, equipping, installing and improvement of the airport facilities, and more particularly, the construction of additional aircraft hangar facilities at the Authority. Additionally, the bonds were issued to refund on a current basis the Town's outstanding Airport Notes. The Town loaned the proceeds of the bonds to the Authority. Through a long-term note payable to the Town, the Authority will provide the Town with the funds required to retire the bonds and pay interest from the proceeds of the lease on airport property. The net revenues of the Authority are pledged for the prompt and full payment of the obligations. In the event of a deficiency of the net revenues pledged, the full faith, credit and resources of the Town are also pledged. In addition, the Town and Greene County, Tennessee entered into a reimbursement agreement in which the County irrevocably pledged its full faith, credit and ad valorem taxing power of the County to reimburse the Town for not more than 50% of any costs incurred in connection with the issuance, sale, delivery, or payment of the bonds which the Town is obligated to pay due to deficiencies in the net revenues of the Airport pledged to the payment of the bonds.

Long-term debt at June 30, 2011, consisted of the following:

TOTAL LONG - TERM DEBT BALANCES	
$1,310,000 General Obligation Note, Series 2003 (Airport Improvement Project) due in annual installments of $50,000 to $90,000 through September 1, 2023; interest variable from 2.5% to 5.1%, payable semi-annually.	$ 900,000
General Obligation Capital Outlay Note, series 2000, dated April 21, 2000, due in annual installments of $13,000 to $26,000 through April 1, 2012; interest at 5.65%, payable semi-annually.	26,000
	926,000
Less: Amounts due within one year	(81,000)
Total Long-Term Debt	$ 845,000

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of changes in long-term debt for the fiscal year ended June 30, 2011:

	Authority - Primary Government				
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Note	$ 950,000	-	50,000	900,000	55,000
Capital Outlay Note	50,000	-	24,000	26,000	26,000
Governmental Activities Long-Term Debt	$ 1,000,000	0	74,000	926,000	81,000

Future maturities of long-term debt at June 30, 2011 are as follows:

	Governmental Activities			
	General Obligation Note		Capital Outlay Notes	
Year Ended June 30	Principal	Interest	Principal	Interest
2012	$ 55,000	40,971	26,000	1,469
2013	55,000	38,771	-	-
2014	55,000	36,489	-	-
2015	60,000	34,021	-	-
2016	60,000	31,388	-	-
2017-2021	360,000	110,054	-	-
2022-2024	255,000	19,979	-	-
	$ 900,000	311,673	26,000	1,469

NOTE 7 - FIXED BASE OPERATIONS

Fixed base operations are conducted by an unrelated contractor under a written agreement with the Authority dated April 1, 1994, which provides, among other things, for the payment of royalties on aviation fuel sales and monthly rental payments by the contractor to the Authority. Total paid for the fiscal year was $12,168.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

At June 30, 2011, the Authority has remaining grants from the State of Tennessee totaling $1,584,864. These grants are for various runway, line of sight and airport improvements which are on-going.

The Authority is a defendant in a suit from a construction company working on the on-going construction projects. The litigation is currently in the initial stages and the outcome cannot be determined at this time.

NOTE 9 - RISK MANAGEMENT

The Authority 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 Authority'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 10 - CONCENTRATION

The Authority depends upon financial resources flowing from, or associated with, both the Federal Government and State of Tennessee. Because of this dependency, the Authority is subject to changes in specific flows of intergovernmental and grant revenues based on modifications to Federal and State laws and Federal and State appropriations.

NOTE 11 - ACCOUNTING CHANGE

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* became effective for the fiscal year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. The Authority has implemented provisions of this statement in the financial statements of this report for the governmental fund.

NOTE 12 –SUBSEQUENT EVENTS

Subsequent to year-end, the Authority and a contractor have entered into a construction contract totaling $843,153 for phase III work at the Authority. This contract has been submitted to the Tennessee Department of Transportation (TDOT). In addition, the Authority was granted a $1,000,000 grant amendment to an existing TDOT project.

SECTION II

SUPPLEMENTARY INFORMATION

GREENEVILLE - GREENE COUNTY AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

CFDA	Program Name	State Grant Number	Grantor Agency	Balance July 1, 2010	Cash Receipts	Expenditures	Balance June 30, 2011
20.106	Grants in Aid for Airports - ARRA	Z-09-21-4048-00	Department of Transportation	$ (109,935)	3,755,523	(3,735,320)	(89,732) *
	Pass Through Tennessee Department of Transportation - Aeronautics Division						
Total				$ (109,935)	3,755,523	(3,735,320)	(89,732)

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

* Receivable ** Deferred Revenue

See Independent Auditors' Report.

GREENEVILLE - GREENE COUNTY AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2011

Program Name	State Grant Number	Grantor Agency	Balance July 1, 2010	Cash Receipts	Expenditures	Balance June 30, 2011
Phase I Runway Relocation	TAD 30-555-0734-04 AERO 10-160-00	State of Tennessee Department of Transportation - Aeronautics	$ -	40,000	(40,000)	-
Engineering Phase I Runway Relocation and Land Acquisition	TAD 30-555-0734-04 Z-09-21-3936-00	State of Tennessee Department of Transportation - Aeronautics	(36,361)	143,936	(311,940)	(204,365) *
Airport Maintenance Program	Z-10-22-0203-00; DG 11-31518-00	State of Tennessee Department of Transportation - Aeronautics	(2,306)	12,191	(18,000)	(8,115) *
			$ (38,667)	196,127	(369,940)	(212,480)

* Receivable ** Deferred Revenue

See Independent Auditors' Report.

SECTION III

INTERNAL CONTROL AND COMPLIANCE

Blackburn, Childers & Steagall, PLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
AMERICAN INSTITUTE OF CERTIFED PUBLIC ACCOUNTANTS

CELEBRATING OUR 50TH ANNIVERSARY

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 Directors
Greeneville - Greene County Airport Authority
Greeneville, Tennessee

We have audited the financial statements of the governmental activities and the major fund of the Greeneville - Greene County Airport Authority (the Authority) as of and for the fiscal year ended June 30, 2011, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated January 23, 2012. As discussed in Note 11 to the financial statements, the Authority adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 Authority'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 Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 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. However, we identified certain deficiencies in internal control over financial reporting described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. These are listed as 2010-01 and 2008-01. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Johnson City 801B Sunset Drive, Johnson City, TN 37604 (423) 282-4511 Fax (423) 283-4532
Kingsport 440 E. Sullivan Street, Kingsport, TN 37660 (423) 246-1725 Fax (423) 247-6800
Greeneville 550 Tusculum Boulevard, Greeneville, TN 37745 (423) 638-8516 Fax (423) 638-3361

website: http://www.BCScpa.com e-mail: BCS@BCScpa.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2010-01.

We noted certain other matters that we reported to management of the Authority in a separate letter dated January 23, 2012.

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

This report is intended solely for the information and use of management, Board of Directors, others within the Authority, and federal awarding agencies and pass-through entities 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

January 23, 2012

Blackburn, Childers & Steagall, PLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
AMERICAN INSTITUTE OF CERTIFED PUBLIC ACCOUNTANTS

CELEBRATING OUR 50TH ANNIVERSARY

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Greeneville - Greene County Airport Authority
Greeneville, Tennessee

Compliance

We have audited the Greeneville - Greene County Airport Authority (the Authority)'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the fiscal year ended June 30, 2011. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2010-01.

Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program

Johnson City 801B Sunset Drive, Johnson City, TN 37604 (423) 282-4511 Fax (423) 283-4532
Kingsport 440 E. Sullivan Street, Kingsport, TN 37660 (423) 246-1725 Fax (423) 247-6800
Greeneville 550 Tusculum Boulevard, Greeneville, TN 37745 (423) 638-8516 Fax (423) 638-3361

website: http://www.BCScpa.com e-mail: BCS@BCScpa.com

to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-01. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Authority's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, Board of Directors, others within the Authority, federal awarding agencies, and pass-through entities 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

January 23, 2012

GREENEVILLE - GREENE COUNTY AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

Section I – Summary of Auditors' Results

1. The auditors' report based on our audit expresses an unqualified opinion on the financial statements of the Authority.

2. Two significant deficiencies, neither of which were considered material weaknesses, relating to the audit of the financial statements were disclosed during the audit.

3. One instance of noncompliance material to the financial statements of the Authority, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.

4. One significant deficiency in internal control over major federal award programs disclosed during the audit is reported in the Schedule of Findings and Questioned Costs. The deficiency is not reported as a material weakness.

5. The auditors' report on compliance for the major federal award programs for the Authority expresses an unqualified opinion on the major federal program.

6. There is one audit finding relative to the major federal award programs that is required to be disclosed in accordance with section 510(a) of OMB Circular A-133.

7. The program tested as a major program was as follows:

Program	CFDA Number
Grants in Aid for Airports – ARRA	20.106

8. The threshold for distinguishing Types A and B programs was $300,000.

9. The Authority was not determined to be a low-risk auditee.

Section II - Findings and Questioned Costs – Major Federal Award Programs Audit

Current Year Findings

None

Prior Year Findings Not Implemented

Department of Transportation
Grants in Aid for Airports – ARRA – CFDA 20.106
2010-01: Significant Deficiency – ARRA Grant Compliance: Grants in Aid for Airports – ARRA – CFDA 20.106 (Repeated from 6-30-10 Report with current year modifications)

Condition: The Airport did not comply with all 12 directives including directive 8 which requires the subrecipient to adopt a risk assessment plan and directive 9 which requires the completion of an action plan.

Criteria: The Airport received grant funding which is specifically a part of the American Recovery and Reinvestment Act (ARRA). As a result, additional compliance requirements were effective. The Office of Tennessee Recovery Act Management (TRAM) established a listing of 12 Directives which are applicable to all recipients and subrecipients of ARRA funds.

Effect: The effect of this weakness results is a failure to properly follow required compliance guidance from the State and Federal agencies.

Recommendation: We recommend the Airport review the guidance and requirements of the TRAM as well as State of Tennessee Comptroller's office, all of which can be accessed online at www.comptroller1.state.tn.us.

Management's Response: Management agrees with the recommendation. The Airport will review the guidance and requirements of the TRAM and State of Tennessee Comptroller's Office and take steps to meet these provisions of this ARRA grant. This was a prior year finding and steps were taken to correct the wage requirement not met for fiscal year 2009/10.

Section III - Findings – Financial Statement Audit

Prior Year Findings Not Implemented

2008-01: Significant Deficiency – Agreement (Repeated from 6-30-10, 6-30-09 and 6-30-08)

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 Authority 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.

Management's Response: The Town of Greeneville has served as fiscal agent for the Greeneville Greene County Airport Authority for many years without a comprehensive written agreement and without significant misunderstanding or conflict; however, as priorities will permit, we will work with the Town of Greeneville to develop a comprehensive written agreement for our operations.

Prior Year Findings Implemented:

2008-02 – Audit Adjustments