

LAUDERDALE COUNTY AMBULANCE AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

LAUDERDALE COUNTY AMBULANCE AUTHORITY

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MARTHA CRITES

Certified Public Accountant

MARTHA CRITES ABBOTT

115 South Front • Halls, TN 38040

(731) 836-5987

County Mayor of Lauderdale County
Lauderdale County Ambulance Authority
Ripley, Tennessee

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities and the major fund of the Lauderdale County Ambulance Authority of Lauderdale County, Tennessee (the Authority), as of and for the year ended June 30, 2008, as listed in the table of contents and the respective budgetary comparison for the Ambulance Authority. These financial statements are the responsibility of The Lauderdale County Ambulance Authority's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, the financial statements present only the financial position of the Lauderdale County Ambulance Authority and do not purport to, and do not, present fairly the financial position of Lauderdale County, Tennessee as of June 30, 2008, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In my 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 Lauderdale County Ambulance Authority at June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 13, 2008, on my consideration of The Lauderdale County Ambulance Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, and contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in

accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of my audit.

The management's discussion and analysis on pages 3-5 is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

November 13, 2008

Martha Cintas CPA

**LAUDERDALE COUNTY AMBULANCE AUTHORITY
RIPLEY, TENNESSEE 38063**

Management's Discussion and Analysis

The following discussion and analysis of the Lauderdale County Ambulance Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2008.

Financial Highlights

- The assets of the Lauderdale County Ambulance Authority exceeded its liabilities at the close of the most recent fiscal year by \$860,095 (*net assets*). Of this amount, \$751,033 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors. The remaining amount, \$109,062 (*invested in capital assets*) reflects the net assets invested in capital assets.
- The total net assets decreased by \$32,288 for the fiscal year ended June 30, 2008.
- The Ambulance Authority ended the year June 30, 2008 with cash of \$209,867, representing a decrease of \$81,146 over the year. None of this cash is restricted for specific purposes. Amounts invested in certificates of deposits increased by \$11,970.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Lauderdale County Ambulance Authority's financial statements. The financial statements consist of three components: government-wide financial statements, fund financial statements and notes to the financial statements. This report also contains other supplementary information.

Government-wide financial statements.

The *government-wide financial statements* are designed to provide readers with a broad overview of the Lauderdale County Ambulance Authority's finances, in a manner similar to a private-sector business. The *statement of net assets* presents information on all of the Lauderdale County Ambulance Authority'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 Ambulance Authority is improving or deteriorating. The *statement of activities* presents information showing how the government'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 the 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 (e.g., uncollected ambulance revenue and accounts payable). Both the Statement of Net Assets and the Statement of Activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

Fund financial statements.

A fund is established to account for a specific activity or purpose. Law mandates the creation of some funds. Other funds are established by management to demonstrate financial compliance with budget or legal requirements. *Government funds* are used to account for the Authority's basic services. The governmental fund statements provide a detailed short-term view of the Authority's general government operations by using a modified accrual accounting method, which measures cash and all other financial assets that can be readily converted to cash.

Governmental fund information is useful in determining whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's program. The differences of the results in the governmental fund financial statements to those of the government-wide financial statements are explained in a reconciliation following each governmental fund statement.

Notes to the financial statements.

The *notes to financial statements* provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other information.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including a budgetary comparison schedule.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Lauderdale County Ambulance Authority, assets exceeded liabilities by \$860,095 at the close of the fiscal year. The largest portions of the Ambulance Authority's assets, are cash and cash equivalents (24%), receivables, (37%) and investments (28%). The investment in property, plant and equipment are used to provide services to citizens. Consequently, these assets are not available for future spending.

Lauderdale County Ambulance Authority's Net Assets

	2008	2007
Current assets	\$ 764,854	\$ 791,316
Capital assets	<u>109,062</u>	<u>116,974</u>
Total assets	<u>\$ 873,916</u>	<u>\$ 908,290</u>
Current liabilities	\$ 13,821	\$ 15,908
Net assets invested in capital assets	109,062	116,974
Net assets--unrestricted	<u>751,033</u>	<u>775,408</u>
Total liabilities and net assets	<u>\$ 873,916</u>	<u>\$ 908,290</u>

**Lauderdale County Ambulance Authority's
Statement of Activities**

	2008	2007
Program revenues	\$1,107,759	\$ 1,216,755
Program expenses	1,151,246	910,238
Interest income	<u>11,199</u>	<u>7,021</u>
Change in net assets	\$(32,288)	\$ 313,538
Net assets at beginning of period	<u>892,383</u>	<u>578,844</u>
Net assets at end of period	<u>\$ 860,095</u>	<u>\$ 892,382</u>

Budgetary Highlights

Differences between the final budget and the final operations were \$(32,110). Operating revenues were \$106,693 less than anticipated and operating expenses were \$74,583 less than anticipated. Maintenance and repair and gasoline and diesel were more than anticipated. The differences are not expected to have a significant effect on future services or liquidity.

Capital Assets

The Lauderdale County Ambulance Authority's investment in capital assets was \$109,062 (net of accumulated depreciation) as of June 30, 2008. This reflects equipment purchased in recent years. Capital assets purchased prior to June 30, 2004 have been reported by Lauderdale County.

Future Projections

The Lauderdale County Ambulance Authority is in sound financial condition and projects no significant changes in operations for the coming periods. The Authority is striving to upgrade its equipment to enhance its ability to serve the residents of Lauderdale County. One goal of the Authority is to add another ambulance and crew to its services to ensure that the needs of the public will be met effectively.

Requests for Information

This financial report is intended to provide an overview of the finances of the Ambulance Authority's finances for those with an interest in this organization. Questions concerning any information within this report may be directed to the Lauderdale County Ambulance Authority Director, 685 Highway 51 S, Ripley, Tennessee 38063.

A handwritten signature in black ink, appearing to read "Carl E. Newsome". The signature is written in a cursive style with a long horizontal stroke at the end.

**LAUDERDALE COUNTY AMBULANCE AUTHORITY
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2008**

ASSETS	
Cash and cash equivalents	\$ 209,867
Investments	236,970
Accounts receivable (net of allowance for doubtful accounts of \$ 494,832)	313,031
Interest receivable	4,986
Capital assets	
Equipment	180,653
Accumulated depreciation	<u>(71,591)</u>
 Total Assets	 <u>\$ 873,916</u>
LIABILITIES	
Accounts payable	\$ 5,872
Accrued payroll	<u>7,949</u>
 Total Liabilities	 <u>13,821</u>
NET ASSETS	
Invested in capital assets	109,062
Unrestricted	<u>751,033</u>
 Total Net Assets	 <u>860,095</u>
 Total Liabilities and Net Assets	 <u>\$ 873,916</u>

The notes to the financial statements are an integral part of this statement.

**LAUDERDALE COUNTY AMBULANCE AUTHORITY
STATEMENT OF ACTIVITIES
AS OF JUNE 30, 2008**

Functions/Programs	Program Revenues			Net (Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Lauderdale County Ambulance Authority	\$ 1,151,246	\$ 1,107,759	\$ -	\$ -
Interest				11,199
Change in net assets				(32,288)
Net assets at beginning of period				892,383
Net assets at end of period				\$ 860,095

The notes to the financial statements are an integral part of this statement.

**LAUDERDALE COUNTY AMBULANCE AUTHORITY
BALANCE SHEET
JUNE 30, 2008**

ASSETS

Cash and cash equivalents	\$ 209,867
Investments	236,970
Accounts receivable (net of allowance for doubtful accounts of \$ 494,832)	313,031
Interest receivable	<u>4,986</u>
Total Assets	<u>\$ 764,854</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts payable	\$ 5,871
Accrued payroll	<u>7,950</u>
Total Liabilities	13,821
Fund balance	
Unrestricted	<u>751,033</u>
Total Liabilities and Fund Balance	<u>\$ 764,854</u>

**RECONCILIATION OF THE STATEMENT OF NET ASSETS OF
GOVERNMENT FUNDS TO THE BALANCE SHEET**

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance per balance sheet	\$ 751,033
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	180,653
Accumulated depreciation in governmental activities are not a use of financial resources and are not reported in the funds	<u>(71,591)</u>
Net assets of governmental activities	<u>\$ 860,095</u>

The notes to the financial statements are an integral part of this statement.

**LAUDERDALE COUNTY AMBULANCE AUTHORITY
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
AS OF JUNE 30, 2008**

REVENUES

Services	\$ 1,107,758	
Interest revenue	<u>11,199</u>	
 Total Revenues		 \$ 1,118,957

EXPENDITURES

Salaries	\$ 718,181	
Insurance	137,688	
Payroll taxes	52,023	
Gasoline and diesel	45,762	
Retirement expense	39,204	
Medical and cleaning supplies	36,103	
Maintenance and repair	30,863	
Capital assets	29,913	
Office supplies	9,571	
Telephone	6,336	
Education	6,102	
Utilities	6,008	
Uniforms	5,969	
Data processing supplies	3,996	
Professional services	3,960	
Medical director	3,000	
Oxygen	2,809	
Collection agency	2,708	
Travel	2,000	
Licenses	650	
Bank charges	321	
Dues and subscriptions	<u>165</u>	

Total expenditures		<u>1,143,332</u>
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Net change in fund balance		(24,375)
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Fund balance, July 1		<u>775,408</u>
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Fund balance, June 30		<u>\$ 751,033</u>
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The notes to financial statements are an integral part of this statement.

**LAUDERDALE COUNTY AMBULANCE AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENT FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance--government funds	\$ (24,375)
Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceed depreciation in the current period	<u>(7,913)</u>
Change in net assets of governmental activities	<u>\$ (32,288)</u>

The notes to the financial statements are an integral part of this statement.

**LAUDERDALE COUNTY AMBULANCE AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE--BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
REVENUES				
Services	\$ 1,225,000	\$ 1,225,000	\$ 1,107,758	\$ (117,242)
Interest revenue	<u>650</u>	<u>650</u>	<u>11,199</u>	<u>10,549</u>
Total Revenues	1,225,650	1,225,650	1,118,957	(106,693)
EXPENDITURES				
Salaries	\$ 731,400	\$ 731,400	\$ 718,181	\$ 13,219
Insurance	120,465	142,196	137,688	4,508
Payroll taxes	60,000	60,000	52,023	7,977
Capital assets	79,000	79,000	29,913	49,087
Medical and cleaning supplies	35,000	36,300	36,103	197
Maintenance and repair	26,000	29,400	30,863	(1,463)
Gasoline and diesel	40,000	40,000	45,762	(5,762)
Office supplies	8,500	9,850	9,571	279
Retirement expense	70,800	43,019	39,204	3,815
Data processing supplies	4,000	4,000	3,996	4
Telephone	7,000	7,000	6,336	664
Utilities	6,500	6,500	6,008	492
Collection agency	1,500	2,850	2,708	142
Education	5,500	6,250	6,102	148
Oxygen	3,000	3,000	2,809	191
Medical director	3,000	3,000	3,000	-
Uniforms	6,000	6,000	5,969	31
Professional services	4,000	4,000	3,960	40
Licenses	2,000	650	650	-
Dues and subscriptions	2,000	1,100	165	935
Travel	2,000	2,000	2,000	-
Bank charges	<u>250</u>	<u>400</u>	<u>321</u>	<u>79</u>
Total expenditures	<u>1,217,915</u>	<u>1,217,915</u>	<u>1,143,332</u>	<u>74,583</u>
Net change in fund balance	7,735	7,735	(24,375)	(32,110)
Fund balance, July 1,	<u>775,408</u>	<u>775,408</u>	<u>775,408</u>	<u>-</u>
Fund balance, June 30	<u>\$ 783,143</u>	<u>\$ 783,143</u>	<u>\$ 751,033</u>	<u>\$ (32,110)</u>

The notes to financial statements are an integral part of this statement.

LAUDERDALE COUNTY AMBULANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 1: Summary of Significant Accounting Policies

The Lauderdale County Ambulance Authority (the Authority) is a special revenue fund of Lauderdale County, Tennessee. Financial statements of the Authority are consolidated into the financial statements of Lauderdale County, Tennessee. The Authority is governed by a committee of the Lauderdale County Commission and provides ambulance services to the citizens of Lauderdale County.

The accounting and reporting policies of the Authority relating to the activities included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*. The GASB periodically updates its codification of the existing Governmental Accounting and Standards, which, along with the subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant accounting policies of the Authority are described below.

Reporting Entity

The Authority, for financial purposes, includes all the funds relevant to the operations of the Lauderdale County Ambulance Authority. The Authority is a separately reported fund of Lauderdale County Tennessee.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Authority. There is no interfund activity.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenues* include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the given function or identifiable activity. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Accounts receivable are reduced by an allowance for uncollectible accounts. The

**LAUDERDALE COUNTY AMBULANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 1: Summary of Significant Accounting Policies (continued)

Authority has one fund, which is a self-balancing account comprised of its assets, liabilities, fund equity, revenues and expenditures/expenses.

Assets, Liabilities, and Net Assets

Cash and Cash Equivalents –Cash and cash equivalents consist of the following:

Cash in bank	\$ 209,722
Cash on hand	<u>145</u>
 Total	 <u>\$ 209,867</u>

Capital Assets and Depreciation—Capital assets are comprised of equipment purchased by the Authority for the past four years. All capital assets are capitalized and depreciated in the government-wide statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements. Assets purchased prior to July 1, 2004 are reflected within the financial statements of Lauderdale County in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34 (as amended by Statement No. 37) and are not included in these financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the vehicles and equipment are five years. Total depreciation expense was \$33,853 for the year ended June 30, 2008.

Allowance for Uncollectible Accounts—The Authority's allowance for estimated uncollectible receivables at June 30, 2008 was \$494,832.

Compensated Absences—The Authority pays employees the value of all accumulated vacation and personal days prior to the end of the fiscal year. Therefore, no compensated absences are reflected within these statements.

Estimates—Management is required to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Note 2: Reconciliation of Government and Fund Financial Statements

The governmental fund statement of revenues, expenditures, and changes in fund balances of government funds includes a reconciliation between net changes in fund balances—governmental funds and changes in net assets of governmental activities as reported in the government-wide financial statement of activities. The element "Government funds report capital outlays as expenditures" consists of:

Capital outlay	\$ 25,940
Depreciation expense	<u>33,853</u>
 Net adjustment	 <u><u>\$(7,913)</u></u>

**LAUDERDALE COUNTY AMBULANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 3. Stewardship, Compliance, and Accountability

Budgetary information—An annual budget is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

Excess of expenditures over appropriations—Expenditures exceeded budgeted items for two line items. Revenues were less than budgeted revenues and total expenditures were less than total budgeted expenditures.

Note 4. Detailed Notes on All Funds

Cash and investments

Cash in banks is insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2008, \$200,000 was covered by FDIC while \$246,692 was collateralized by the Tennessee collateral pool. Under the laws of Tennessee, the Ambulance Authority is authorized to invest with obligations of the United States or its agencies, direct obligations of the State of Tennessee or its agencies, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, certificates of deposit if insured by a Federal Deposit Insurance Corporation or the Tennessee Collateral Pool. During the year ended June 30, the Ambulance Authority did not own any types of securities other than those permitted by statute.

Investments for the Ambulance Authority are in the form of Certificates of Deposits and are reported at fair value.

Capital assets

Fixed assets are summarized as follows:

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2008</u>
Capital assets being depreciated:				
Vehicles	\$ 123,178	\$ 0	\$ 0	\$ 123,178
Equipment	<u>31,535</u>	<u>25,940</u>	<u>0</u>	<u>57,475</u>
Subtotals	154,713	25,940	0	180,653
Less accumulated depreciation for:				
Vehicles	30,863	24,636	0	55,499
Equipment	<u>6,876</u>	<u>9,216</u>	<u>0</u>	<u>16,092</u>
Subtotals	<u>37,739</u>	<u>33,852</u>	<u>0</u>	<u>71,591</u>
Total capital assets, being depreciated, net	<u>\$ 116,974</u>	<u>\$ 7,912</u>	<u>\$ 0</u>	<u>\$ 109,062</u>

Assets purchased prior to July 1, 2004 have previously been incorporated in the financial statements of Lauderdale County, Tennessee.

**LAUDERDALE COUNTY AMBULANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 4. Detailed Notes on All Funds (continued)

Pension plan

The pension fund of the Lauderdale County Ambulance Authority is included in the total retirement program for Lauderdale County, Tennessee under the Tennessee Consolidated Retirement System. Five percent (5%) is deducted from the employee's checks and the county pays a percentage match of 8.18% to fund the employees retirement. Retirement is based on thirty years of service or reaching the age of sixty. For details relative to the funding status and progress, actuarial determined contribution requirements and contributions made, and trend information refer to the Comprehensive Annual Financial Report for Lauderdale County.

Note 5. Other Information

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 has purchased commercial insurance for all of the above risks. Settled claims have not exceeded this coverage in any of the past three years.

Concentration of credit risk

The Authority receives its operating funds from governmental agencies, private insurance companies, and citizens served. While the Authority has a broad consumer base, the ability of payment is dependent on the economic conditions of the area.

MARTHA CRITES

Certified Public Accountant

MARTHA CRITES ABBOTT

115 South Front • Halls, TN 38040

(731) 836-5987

**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**

County Mayor of Lauderdale County
Lauderdale County Ambulance Authority
Ripley, Tennessee

I have audited the accompanying financial statements of the governmental activities and the major fund of the Lauderdale County Ambulance Authority, a special revenue fund of Lauderdale County, Tennessee, as of and for the year ended June 30, 2008 and have issued my report dated November 13, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Lauderdale County Ambulance Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lauderdale County Ambulance Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Lauderdale County Ambulance Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination or control deficiencies, that adversely affects the Ambulance Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Lauderdale County Ambulance Authority's financial statements that is more than inconsequential will not be prevented or detected by the Ambulance Authority's internal control.

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I found no instances of material weakness or significant deficiency as defined above. Finding 2008-01 is considered to be control deficiency but not a material weakness or a significant deficiency.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Lauderdale County Ambulance Authority's management, the Lauderdale County Commissioners, and the Tennessee State Comptroller's Office and other regulatory bodies, and is not intended to be and should not be used by anyone other than those specified parties.

November 13, 2008

Martha Crites CPA

**LAUDERDALE COUNTY AMBULANCE AUTHORITY
SCHEDULE OF FINDINGS, RECOMMENDATIONS, AND REPLIES
FOR THE YEAR ENDED JUNE 30, 2008**

STATUS OF PRIOR FINDINGS

- 2007-01** Delinquent accounts. Implemented
- 2007-01** Expenditures exceeded budgeted amounts for the year ended June 30, 2007. Partially implemented. See current findings.

CURRENT FINDINGS

- 2008-01** Expenditures exceeded budgeted amounts for the year ended June 30, 2008.
- Recommendation: Budgeted amounts should be monitored closely to ensure that expenditures do not exceed budgeted amounts.
- Response: Budgeted amounts will be monitored closely in future periods.