

LAUDERDALE COUNTY AMBULANCE AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

LAUDERDALE COUNTY AMBULANCE AUTHORITY

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MARTHA CRITES

Certified Public Accountant

115 South Front • Halls, TN 38040
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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, a separately reported special revenue fund of Lauderdale County, (the Authority), as of and for the year ended June 30, 2009, 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, 2009, 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, a separately reported special revenue fund of Lauderdale County, at June 30, 2009, and the respective changes in financial position and the respective budgetary comparison for the Ambulance Authority 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 December 4, 2009, 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.

Martha Crites CPA

December 4, 2009

**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, 2009.

Financial Highlights

- The assets of the Lauderdale County Ambulance Authority exceeded its liabilities at the close of the most recent fiscal year by \$662,310 (*net assets*). Of this amount, \$415,390 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors. The remaining amount, \$246,920 (*invested in capital assets*) reflects the net assets invested in capital assets.
- The total net assets decreased by \$197,785 for the fiscal year ended June 30, 2009.
- The Ambulance Authority ended the year June 30, 2009 with cash of \$48,201, representing a decrease of \$161,666 over the year. None of this cash is restricted for specific purposes. Amounts invested in certificates of deposits decreased by \$99,485.

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 \$662,310 at the close of the fiscal year. The largest portions of the Ambulance Authority's assets are capital assets (38%), receivables, (35%) and investments (21%). 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

	2009	2008
Current assets	\$ 422,391	\$ 764,854
Capital assets	246,920	109,062
Total assets	<u>\$ 669,311</u>	<u>\$ 873,916</u>
Current liabilities	\$ 7,001	\$ 13,821
Net assets invested in capital assets	246,920	109,062
Net assets--unrestricted	<u>415,390</u>	<u>751,033</u>
Total liabilities and net assets	<u>\$ 669,311</u>	<u>\$ 873,916</u>

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

	2009	2008
Program revenues	\$ 963,143	\$ 1,107,759
Program expenses	1,183,158	1,151,246
Interest income and disposal of assets	<u>22,230</u>	<u>11,199</u>
Change in net assets	\$(197,785)	\$(32,288)
Net assets at beginning of period	<u>860,095</u>	<u>860,383</u>
Net assets at end of period	<u>\$ 670,310</u>	<u>\$ 860,095</u>

Budgetary Highlights

Differences between the final budget and the final operations were \$(261,808). Operating revenues were \$315,533 less than anticipated and operating expenses were \$56,655 less 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 \$246,920 (net of accumulated depreciation) as of June 30, 2009. 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. The Ambulance Authority raised its rates for the year ended June 30, 2010 to provide the operating income necessary to manage the Authority.

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.

Carl Eric Newman
Director

LAUDERDALE COUNTY AMBULANCE AUTHORITY
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2009

ASSETS

Cash and cash equivalents	\$ 48,201
Investments	137,485
Accounts receivable (net of allowance for doubtful accounts of \$ 495,569)	234,891
Interest receivable	1,814
Capital assets	
Equipment	357,370
Accumulated depreciation	<u>(110,450)</u>
Total Assets	<u>\$ 669,311</u>

LIABILITIES

Accounts payable	\$ 584
Accrued payroll	<u>6,417</u>
Total Liabilities	<u>7,001</u>

NET ASSETS

Invested in capital assets	246,920
Unrestricted	<u>415,390</u>
Total Net Assets	<u>662,310</u>
Total Liabilities and Net Assets	<u>\$ 669,311</u>

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

LAUDERDALE COUNTY AMBULANCE AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Component Unit</u>
Lauderdale County Ambulance Authority	\$ 1,183,158	\$ 963,143	\$ -	\$ -	\$ (220,015)
Gain on disposal of assets Interest					14,733 <u>7,497</u>
Change in net assets					(197,785)
Net assets at beginning of period					<u>860,095</u>
Net assets at end of period					<u>\$ 662,310</u>

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

**LAUDERDALE COUNTY AMBULANCE AUTHORITY
BALANCE SHEET
JUNE 30, 2009**

ASSETS

Cash and cash equivalents	\$ 48,201
Investments	137,485
Accounts receivable (net of allowance for doubtful accounts of \$ 495,569)	234,891
Interest receivable	<u>1,814</u>
Total Assets	<u>\$ 422,391</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts payable	\$ 584
Accrued payroll	<u>6,417</u>
Total Liabilities	7,001
Fund balance	
Unrestricted	<u>415,390</u>
Total Liabilities and Fund Balance	<u>\$ 422,391</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	\$ 415,390
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	357,370
Accumulated depreciation in governmental activities are not a use of financial resources and are not reported in the funds	<u>(110,450)</u>
Net assets of governmental activities	<u>\$ 662,310</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
FOR THE YEAR ENDED JUNE 30, 2009**

REVENUES

Services	\$ 963,143	
Interest revenue	<u>7,497</u>	
Total Revenues		\$ 970,640

EXPENDITURES

Salaries	\$ 725,108	
Capital assets	227,099	
Employee insurance	69,054	
Insurance	59,616	
Payroll taxes	53,757	
Gasoline and diesel	45,498	
Retirement expense	44,606	
Medical and cleaning supplies	38,346	
Maintenance and repair	27,104	
Telephone	11,542	
Education	9,204	
Uniforms	7,422	
Utilities	7,035	
Office supplies	6,041	
Professional services	4,150	
Data processing supplies	4,044	
Oxygen	3,226	
Travel	3,038	
Medical director	3,000	
Collection agency	2,856	
Licenses	2,018	
Miscellaneous	2,009	
Dues and subscriptions	265	
Bank charges	<u>245</u>	
Total expenditures		<u>1,356,283</u>

OTHER FINANCING SOURCE

Proceeds from disposal of asset		<u>50,000</u>
Net change in fund balance		(335,643)
Fund balance, July 1		<u>751,033</u>
Fund balance, June 30		<u>\$ 415,390</u>

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, 2009**

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

Net change in fund balance--government funds	\$ (335,643)
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>137,858</u>
Change in net assets of governmental activities	<u>\$ (197,785)</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, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
REVENUES				
Services	\$ 1,278,676	\$ 1,278,676	\$ 963,143	\$ (315,533)
Interest revenue	<u>10,427</u>	<u>10,427</u>	<u>7,497</u>	<u>(2,930)</u>
Total Revenues	1,289,103	1,289,103	970,640	(318,463)
EXPENDITURES				
Salaries	\$ 733,060	\$ 733,060	\$ 725,108	\$ 7,952
Insurance	134,848	129,968	128,670	1,298
Payroll taxes	53,758	53,758	53,757	1
Capital assets	213,140	213,140	177,099	36,041
Medical and cleaning supplies	38,975	38,975	38,346	629
Maintenance and repair	30,000	30,000	27,104	2,896
Gasoline and diesel	51,025	51,225	45,498	5,727
Office supplies	8,850	8,850	8,050	800
Retirement expense	42,631	44,607	44,606	1
Data processing supplies	4,000	4,055	4,044	11
Telephone	10,422	11,542	11,542	-
Utilities	7,180	7,180	7,035	145
Collection agency	3,000	3,000	2,856	144
Education	9,369	9,369	9,204	165
Oxygen	4,000	4,000	3,226	774
Medical director	3,000	3,000	3,000	-
Uniforms	6,500	7,422	7,422	-
Professional services	4,200	4,200	4,150	50
Licenses	2,000	2,017	2,018	(1)
Dues and subscriptions	282	282	265	17
Travel	2,470	3,060	3,038	-
Bank charges	<u>250</u>	<u>250</u>	<u>245</u>	<u>5</u>
Total expenditures	<u>1,362,960</u>	<u>1,362,960</u>	<u>1,306,283</u>	<u>56,655</u>
Net change in fund balance	(73,857)	(73,857)	(335,643)	(261,808)
Fund balance, July 1,	<u>751,033</u>	<u>751,033</u>	<u>751,033</u>	<u>-</u>
Fund balance, June 30	<u>\$ 677,176</u>	<u>\$ 677,176</u>	<u>\$ 415,390</u>	<u>\$ (261,808)</u>

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

LAUDERDALE COUNTY AMBULANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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, 2009**

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	\$ 48,067
Cash on hand	<u>134</u>
 Total	 <u>\$ 48,201</u>

Capital Assets and Depreciation—Capital assets are comprised of equipment purchased by the Authority for the past five 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 \$53,974 for the year ended June 30, 2009.

Allowance for Uncollectible Accounts—The Authority's allowance for estimated uncollectible receivables at June 30, 2009 was \$495,569.

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	\$ 251,759
Depreciation expense	<u>53,974</u>
 Net adjustment	 <u>\$ 197,785</u>

**LAUDERDALE COUNTY AMBULANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

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—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 \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2009, all deposits were covered by FDIC. 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 held in the name of the Authority by the County Trustee's office 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, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2009</u>
Capital assets being depreciated:				
Vehicles	\$ 123,178	\$ 216,500	\$ 50,383	\$ 289,295
Equipment	<u>57,475</u>	<u>10,600</u>	<u>0</u>	<u>68,075</u>
Subtotals	180,653	227,100	50,383	357,370
Less accumulated depreciation for:				
Vehicles	55,499	41,814	15,114	82,199
Equipment	<u>16,092</u>	<u>12,159</u>	<u>0</u>	<u>28,251</u>
Subtotals	<u>71,591</u>	<u>53,973</u>	<u>15,114</u>	<u>110,450</u>
Total capital assets, being depreciated, net	<u>\$ 109,062</u>	<u>\$ 173,127</u>	<u>\$ 35,269</u>	<u>\$ 246,920</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, 2009

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 7.96% 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

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, 2009 and have issued my report dated December 4, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered 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.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the 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. I consider the deficiencies described in the accompanying schedule to be significant deficiencies in internal control over financial reporting.

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. Finding 2009-04 is considered to be a significant deficiency. Findings 2009-01 and 2009-02 and 2009-03 are considered material weaknesses and significant deficiencies.

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*.

The Lauderdale County Ambulance Authority's response to the findings identified in my audit is described in the accompanying schedule of findings. I did not audit the Ambulance Authority's response and, accordingly, I express no opinion on it.

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.

December 4, 2009

Martha Crites CPA

**LAUDERDALE COUNTY AMBULANCE AUTHORITY
SCHEDULE OF FINDINGS, RECOMMENDATIONS, AND REPLIES
FOR THE YEAR ENDED JUNE 30, 2009**

STATUS OF PRIOR FINDINGS

2008-01 Expenditures exceeded budgeted amounts for the year ended June 30, 2008. Implemented.

CURRENT FINDINGS

2009-01 Due to the small size of the organization, there is a lack of segregation of duties over some accounting functions.

Recommendation: Whereas segregation of accounting functions in a small organization is not totally feasible, steps should be considered to segregate duties whenever possible. We recommend that a review of accounting functions be performed and such functions be segregated to the extent feasible.

Response: Due to economic constraints, complete implementation of this recommendation is not feasible.

2009-02 Annual audit adjustments are necessary each year to convert the books and records from fund financial statements to government-wide financial statements.

Recommendation: Additional accounting guidance should be obtained to eliminate the need for annual audit adjustments.

Response: Our system is capable of maintaining the records on the fund basis. We maintain the information to prepare the government-wide financial statements but do not convert the books to the additional basis.

2009-03 The Ambulance Service maintains monthly financial records so that reasonable operations can be maintained. The Ambulance Service does not currently employ or utilize the services of a person/firm who possesses the expertise to properly prepare the external audited financial statements and related notes. Although the Ambulance Service has engaged an accounting firm to prepare such financial statements in connection with the audit, the accounting firm is not a part of the internal control system.

Recommendation: The Ambulance Service should employ or utilize the services of a person/firm who possesses the expertise to properly prepare the externally audited financial statements and the related notes.

Response: The employment or utilization of the services of a person/firm who possesses the expertise to properly prepare the externally audited financial statements and related notes are not economically feasible at this time.

2009-04 The Ambulance Service does not pay the employees of the Ambulance Service in accordance with the written policies of the Service.

Recommendation: The Ambulance Service should rewrite its payroll policies to address the following situations: salaried employee's policies vs. hourly employee's policies, payment of unused overtime, sick time policies and procedures and comp-time policies. The policy should be reviewed to ensure that all policies are clear and not ambiguous.

Response: We concur with the recommendation and will evaluate the policies as soon as possible.