

**LAUDERDALE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

**INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2009**

**LAUDERDALE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

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ROBERT T. NEWBILL, C.P.A.
J. RODNEY HENRY, C.P.A.

Newbill & Henry
CERTIFIED PUBLIC ACCOUNTANTS
400 MASONIC STREET
DYERSBURG, TENNESSEE 38024
Telephone: (731) 285-6884
Fax: (731) 285-6885

Board of Directors
Lauderdale County Emergency
Communications District
Ripley, Tennessee

Independent Auditor's Report

We have audited the accompanying basic financial statements of the Lauderdale County Emergency Communications District (the District), a discretely presented component unit of Lauderdale County, Tennessee, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District'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 *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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial statements present only the financial position of the District, and do not present the financial position of Lauderdale County, Tennessee in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, at June 30, 2009, and the results of its operations and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

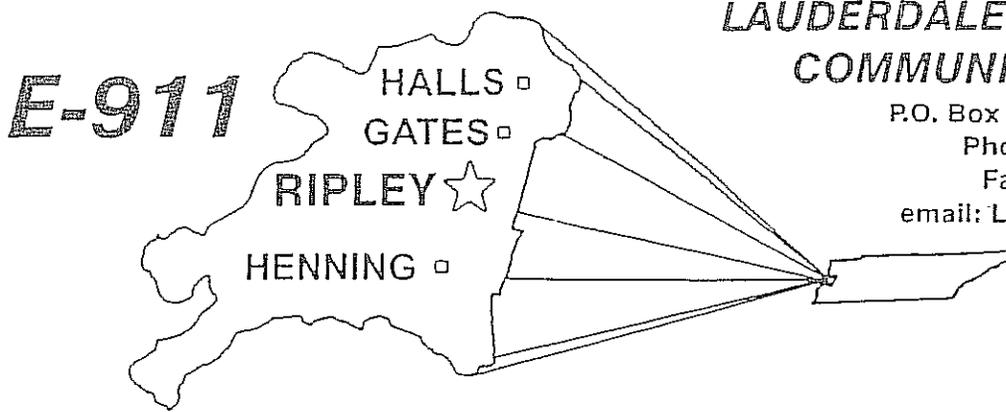
The management's discussion and analysis on pages 3 through 5 and the schedule of funding progress are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2010 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Newbill & Henry

January 5, 2010



LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

P.O. Box 142 - Ripley, TN 38063
Phone (731) 635-2278
Fax (731) 738-5914
email: Ldale911@bellsouth.net

Management's Discussion and Analysis

The following discussion and analysis of the Lauderdale County Emergency Communications District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2009.

Financial Highlights

- The assets of the Lauderdale County Emergency Communications District exceeded its liabilities at the close of the most recent fiscal year by \$989,986 (*net assets*). Of this amount, \$382,168 may be used to meet the government's ongoing obligations to citizens and creditors.
- The total net assets increased by \$108,325 (12.3 percent) during the year.

Overview of the Financial Statements

The financial statements consist of two components: fund financial statements and notes to the financial statements. This report also contains other supplementary information.

As an enterprise fund supported by user tariffs and charges, the financial statements of the Lauderdale County Emergency Communications District are presented on the full accrual basis, presenting assets and liabilities of the District in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Lauderdale County Emergency Communications District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of revenues, expenses and changes in net assets* 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 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 telephone service charges and earned but unused employee compensated absences).

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. The District is reported as a proprietary fund.

Notes to financial statements. The notes 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 concerning the District's progress in funding its obligation to provide pension benefits to its employees. This section also includes a budgetary comparison schedule and required information that is unique to emergency communication districts.

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 Emergency Communications District, assets exceeded liabilities by \$989,986 at the close of the most recent fiscal year.

The largest portion of the District's assets (60.9%) reflects its investment in building and equipment. Investments (20.1%) and cash and equivalents (12.2%) comprise the other major assets of the District. The building and equipment are used to provide services to citizens. Consequently, these assets are not available for future spending.

Lauderdale County Emergency Communications District's Net Assets

	2009	2008
Current assets	\$ 388,866	\$ 538,676
Fixed assets	<u>607,818</u>	<u>349,460</u>
Total assets	<u>\$ 996,684</u>	<u>\$ 888,138</u>
Current liabilities	<u>\$ 6,698</u>	<u>\$ 6,475</u>
Net assets:		
Invested in capital assets	607,818	349,460
Unrestricted	<u>382,168</u>	<u>532,201</u>
Total net assets	<u>\$ 989,986</u>	<u>\$ 881,661</u>

The unrestricted net assets may be used to meet the ongoing obligations of the District to citizens and creditors. The net assets increased by \$108,325 in the last fiscal year.

Lauderdale County Emergency Communication District's Statement of Revenues, Expenses and Changes in Net Assets

	2009	2008
Operating revenues	\$ 439,423	\$ 321,970
Operating expenses	<u>338,404</u>	<u>309,595</u>
Total operating income (deficit)	\$ 101,019	\$ 12,375
Nonoperating revenues	7,306	10,509
Capital contributions	-0-	31,075
Change in net assets	<u>\$ 108,325</u>	<u>\$ 53,959</u>

Budgetary Highlights

Differences between the original budget and the final operations were \$66,986. The primary differences are due to revenues exceeding the original budgeted amount and operating expenses being less than anticipated. The differences are not expected to have a significant effect on future services or liquidity.

Capital Assets

The Lauderdale County Emergency Communications District's investment in capital assets was \$607,818 (net of accumulated depreciation) as of June 30, 2009. This included buildings and building improvements, communication equipment, office equipment and furniture and fixtures. No debt was created in relationship to the capital assets purchases.

Future projections

The District anticipates that providing the emergency dispatching for Lauderdale County will result in operating expenditures exceeding operating revenues for the foreseeable future. The District possesses sufficient assets to fund operations and equipment needs for the next five years or more. The board of directors assures the residents of Lauderdale County that the board will continue to meet the needs of the residents and fulfill its mission to provide emergency communication services to the public. Through State capital assistance, the District is upgrading the equipment and capabilities of the organization to meet established standards.

Requests for information

This financial report is designed to provide a general overview of the Lauderdale County Emergency Communications District's finances for those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Board of Directors of the Lauderdale County Emergency Communications District at PO Box 142, Ripley, Tennessee 38063-0142.

Frank Currie

Frank Currie
Chairman
Lauderdale County Emergency Communications District
Lauderdale County, Tennessee

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2009

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 121,540
Investments	200,000
Accrued interest	830
Receivable—tariff income	11,964
Due from Tennessee Emergency Communications Board	<u>54,532</u>

Total Current Assets 388,866

FIXED ASSETS

Buildings and equipment	794,695
Less accumulated depreciation	<u>186,877</u>

Total Fixed Assets 607,818

Total Assets \$ 996,684

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 798
Compensated absences payable	<u>5,900</u>

Total Current Liabilities 6,698

Total Liabilities 6,698

NET ASSETS

Invested in capital assets	607,818
Unrestricted	<u>382,168</u>

Total Net Assets \$ 989,986

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

OPERATING REVENUES

Emergency telephone service charge	\$ 164,974
State emergency communications board-shared wireless charge	81,439
State emergency communications operational funding	86,169
State grants and reimbursements	106,766
Miscellaneous	<u>75</u>
Total operating revenues	439,423

OPERATING EXPENSES

Salaries and wages	150,335
Payroll tax expense	10,686
Employee benefits	21,378
Legal and accounting	12,406
Administrative fee	1,481
Maintenance and repairs	12,031
Mapping expenses	4,912
Rental expense - communications equipment	30,171
Rental expense - buildings and facilities	2,160
Office supplies	8,066
Utilities	6,733
Telephone	5,150
Other charges bank	133
Board meeting expense	1,482
Dues and memberships	230
Insurance	11,244
Legal notices	2,466
Training expense	765
Travel expense	2,321
Depreciation	<u>54,254</u>
Total operating expenses	<u>338,404</u>

Operating income (loss)	101,019
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NONOPERATING REVENUES (EXPENSES)

Interest income	<u>7,306</u>
Total nonoperating revenues (expenses)	<u>7,306</u>
Change in net assets	108,325

NET ASSETS--JULY 1, 2008	<u>881,661</u>
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NET ASSETS--JUNE 30, 2009	<u><u>\$ 989,986</u></u>
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LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2009

CASH FLOW FROM OPERATING ACTIVITIES

Receipts from tariffs	\$ 399,890
Payments to suppliers for goods and services	(101,378)
Payments to employees for services	<u>(182,549)</u>

Net cash provided by operating activities 115,963

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of fixed assets	(312,613)
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CASH FLOW FROM INVESTING ACTIVITIES

Interest received	<u>7,388</u>
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Net increase (decrease) in cash (189,262)

Cash and cash equivalents at beginning of the year 310,802

Cash and cash equivalents at end of the year \$ 121,540

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income from operations	\$ 101,019
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	54,254
Decrease (increase) in receivables	(39,533)
Increase (decrease) in payables	<u>223</u>

Total adjustments 14,944

Net cash provided by operating activities \$ 115,963

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Note 1 – Summary of significant accounting policies

A. Reporting entity

Lauderdale County Emergency Communications District, Lauderdale County, Tennessee is a governmental agency authorized by Tennessee state law and approved by the voters of the County. The District provides a simplified method of securing emergency services for the residents of Lauderdale County, Tennessee. A seven-member board appointed by the County Commission governs the District. Because the District cannot issue debt without the approval of the county commission, Lauderdale County Emergency Communications District has been determined to be a discrete component unit of Lauderdale County, Tennessee. The financial statements presented include only the Lauderdale County Emergency Communications District and the monies and funds managed by the Board of Directors of the District.

B. Measurement focus, basis of accounting, and financial statement presentation

The 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.

The District distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are tariffs charged to telephone users. Operating expenses for the District include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

C. Assets, liabilities, and net assets or equity

1. Deposits and investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. The District has no investments that meet these criteria. All investments of the District consist of Certificates of Deposit, which are stated at cost.

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

2. Receivables and service fees

Fees collected by the Lauderdale County Emergency Communications District are derived from tariffs assessed on the telephone customers of Lauderdale County, Tennessee. The tariff is billed and collected by AT & T and other telephone companies, who then remit the amounts collected to the District.

At June 30, 2009, accounts receivable represent service fees collected by the entities named above and not remitted to the District.

The Tennessee Emergency Communications Board collects tariffs from the cell phone users in Lauderdale County. Twenty-five percent of the fees collected are remitted to the Lauderdale County Emergency Communications District. The TECB has also remitted operational funding monies and reimbursed the district for upgraded equipment. The amount due is reflected as Due from Tennessee Emergency Communications Board.

3. Capital assets

Fixed assets consist of buildings, communication equipment, and office equipment owned by the District. The fixed assets are capitalized at cost. Depreciation for furniture, fixtures, and equipment is computed using the straight-line method over a five to ten-year estimated life of the assets. Buildings and building improvements are depreciated over a forty-year estimated life using the straight-line method.

Depreciation expense charged to operations was \$54,254 for the year ended June 30, 2009.

Capitalization of fixed asset type purchases is determined on an item by item basis.

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.

4. Compensated absences

It is the District's policy to permit employees to accumulate earned but unused vacation, holiday, and compensatory pay benefits.

Vacation benefits are earned in accordance with the following table.

<u>Length of Service</u>	<u>Benefit</u>
1 year	4 hours/Month
After 1 year	8 hours/Month

Maximum accumulation – 80 hours

There is no liability for unpaid accumulated sick leave.

Compensatory and holiday time is payable to the employee at 1½ times the number hours actually worked. The District has accrued absences that have been earned by the employees and are payable in accordance with the above table.

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

5. Estimates

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

Note 2 – Stewardship, compliance, and accountability

A. Budgetary information

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

B. Excess of expenditures over appropriations

Expenditures were less than appropriations.

Note 3 – Detailed notes on all funds

A. Cash and investments

Cash and investments, which are stated at cost, consisted of the following:

Cash in banks	\$ 121,540
Certificates of deposit	<u>200,000</u>
Total	<u>\$ 321,540</u>

Cash in banks and certificates of deposits, are insured up to \$ 250,000 by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2009 all monies were covered by FDIC. The Board of Directors approves all investments. The investments consist of certificates of deposits and are in conformity with State guidelines. All cash and investments are held by the depositories in the name of the District.

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

B. 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:				
Building and improvements	\$ 158,842	\$ 0	\$ 0	\$ 158,842
Communication equipment	227,926	312,283	0	540,209
Office equipment	79,190	329	0	79,519
Furniture and fixtures	<u>16,125</u>	<u>0</u>	<u>0</u>	<u>16,125</u>
Subtotals	482,083	312,612	0	794,695
Less accumulated depreciation for:				
Building and improvements	22,528	6,750	0	29,278
Communication equipment	62,600	33,453	0	96,053
Office equipment	40,029	12,523	0	52,552
Furniture and fixtures	<u>7,466</u>	<u>1,528</u>	<u>0</u>	<u>8,994</u>
Subtotals	<u>132,623</u>	<u>54,254</u>	<u>0</u>	<u>186,877</u>
Total capital assets being depreciated, net	<u>\$ 349,460</u>	<u>\$258,358</u>	<u>\$ 0</u>	<u>\$ 607,818</u>

C. Leases

The Emergency Communications District leases answering and monitoring equipment from AT&T under operating leases for an indefinite period. The lease, which began at the date of installation, is billed to the District at a monthly rate of \$ 2,901. The expense is expected to increase to \$ 3,882 per month in the next year.

The following is a schedule by years of expected minimum future rentals on operating leases as of June 30, 2009:

Year ended June 30:

2010	\$ 46,584
2011	\$ 46,584
2012	\$ 46,584
2013	\$ 46,584
2014	\$ 46,584

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Note 4 – Other information

A. Risk management

Under Tennessee State Law, the board of directors is immune from liability unless they are grossly negligent. Therefore, no additional liability insurance is purchased on behalf of the board members. Board members who are responsible for the cash management of the District are covered under an insurance bond. The Board insures the equipment from loss through commercial insurance. Insurance has been purchased to protect against dispatcher negligence or omissions. No settlements have occurred in any of the prior three years.

B. Related party transactions

The District leases office space from an employee to house computer equipment and to transact the day-to-day business of the District. The lease is a monthly operating lease for a one-year term with the option of renewing on a month-to-month basis. The office space rent is \$180 per month in 2009.

C. Concentration of credit risk

The District receives its operating funds from tariffs assessed on and collected from telephone users in Lauderdale County, Tennessee. While the District has a broad consumer base, the ability of consumers to pay their accounts is dependent on the economic conditions of the area.

D. Retirement plan

Plan description

Employees of Lauderdale County 911 are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Lauderdale County 911 participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/PS/>.

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Funding policy

Lauderdale County 911 requires employees to contribute 5.0 percent of earnable compensation.

Lauderdale County 911 is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009 was 5.44% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Lauderdale County 911 is established and may be amended by the TCRS Board of Trustees.

Annual pension cost

For the year ending June 30, 2007 Lauderdale County 911's annual pension cost of \$ 5,728 to TCRS was equal to Lauderdale County 911's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Lauderdale County 911's unfunded accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 13 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension Cost</u> <u>(APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
June 30, 2009	\$ 5,728	100.00%	\$ 0.00
June 30, 2008	\$ 5,348	100.00%	\$ 0.00
June 30, 2007	\$ 4,422	100.00%	\$ 0.00

Funded Status and Funding Progress

As of July 1, 2007, the most recent valuation date, the plan was 115.38% funded. The actuarial accrued liability for benefits was \$0.05 million. The covered payroll (annual payroll of active employees covered by the plan) was \$0 million, and the ratio of the UAAL to the covered payroll was -10.53%.

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

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ration (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2007	\$60	\$52	(\$8)	115.38%	\$76	-10.53%

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

SCHEDULE OF FUNDING PROGRESS

FOR THE YEAR ENDED JUNE 30, 2009

(Dollar amounts in thousands)

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	<u>(a)</u>	<u>(b)</u>	<u>(b)-(a)</u>	<u>(a/b)</u>	<u>(c)</u>	<u>(b-a)/c</u>
July 01, 2007	\$60	\$52	\$-8	115.38%	\$76	-10.53%

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method change was made during the year of the most recent actuarial valuation date, therefore only the most current year is presented.

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**STATEMENT OF REVENUES, EXPENDITURE, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE-- FAVORABLE (UNFAVORABLE)
OPERATING REVENUES				
Emergency telephone service charge	\$ 150,000	\$ 150,000	\$ 164,974	\$ 14,974
State emergency communications board-shared wireless	90,000	90,000	81,439	(8,561)
State emergency communications operational funding	86,000	86,000	86,169	169
State grants and reimbursements	106,000	106,000	106,766	766
Miscellaneous	-	-	75	75
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating revenues	432,000	432,000	439,423	7,423
OPERATING EXPENSES				
Salaries and wages				
Director	5,940	5,940	5,940	-
Part-time assistant	10,400	10,400	8,523	1,877
Dispatchers	171,290	171,290	135,873	35,417
Employee benefits				
Social security	11,210	11,210	7,472	3,738
Medicare	2,650	2,650	2,129	521
Health insurance	31,000	31,000	15,690	15,310
Unemployment compensation	4,100	4,100	1,085	3,015
Retirement	9,950	9,950	5,688	4,262
Contracted services				
Mapping	10,000	10,000	4,913	5,087
Administrative	-	-	1,481	(1,481)
Building/grounds maintenance contracts	2,000	2,800	1,142	1,658
Accounting	7,000	7,000	7,250	(250)
Legal and professional	2,500	2,500	5,156	(2,656)
Lease/rental				
Communications equipment	47,800	47,800	30,171	17,629
Buildings and facilities	2,300	2,300	2,160	140
Maintenance and repairs-communications equipment	5,000	10,000	7,845	2,155
Maintenance and repairs-building	-	4,000	3,044	956
Supplies and materials				
Office supplies	6,500	6,500	5,967	533
Small equipment purchases	15,000	5,200	-	5,200
Other supplies and materials	2,750	2,750	2,099	651
Utilities				
Electric, sewage, garbage pick-up	6,500	7,500	6,733	767
Telephone	4,900	4,900	5,150	(250)
Generator propane	2,500	2,500	-	2,500

See accountant's report.

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**STATEMENT OF REVENUES, EXPENDITURE, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE-- FAVORABLE (UNFAVORABLE)
Other charges				
Board meeting expenses	-	800	1,482	(682)
Dues and memberships	2,900	1,900	230	1,670
Employee testing and exams	4,500	4,500	-	4,500
Bank charges	-	200	132	68
Insurance	10,200	13,450	11,243	2,207
Legal notices	1,500	1,500	2,466	(966)
Training expenses	5,500	1,250	765	485
Building fund	3,500	3,500	-	3,500
Travel expenses	8,000	8,000	2,321	5,679
Depreciation	8,000	8,000	54,254	(46,254)
	<u>8,000</u>	<u>8,000</u>	<u>54,254</u>	<u>(46,254)</u>
Total operating expenses	405,390	405,390	338,404	66,986
Operating income (loss)	26,610	26,610	101,019	(59,563)
NONOPERATING REVENUES (EXPENSES)				
Interest income	3,500	3,500	7,306	3,806
Total nonoperating revenues (expenses)	<u>3,500</u>	<u>3,500</u>	<u>7,306</u>	<u>3,806</u>
Change in net assets	30,110	30,110	108,325	78,225
NET ASSETS - JUNE 30, 2008	<u>881,661</u>	<u>881,661</u>	<u>881,661</u>	<u>-</u>
NET ASSETS - JUNE 30, 2009	<u>\$ 911,771</u>	<u>\$ 911,771</u>	<u>\$ 989,986</u>	<u>\$ 78,225</u>

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

BOARD OF DIRECTORS

JUNE 30, 2009

Frank Currie-Chairman
Eric Newman-Treasurer
Mary Miller-Secretary
Celeste Henry
Steve Sanders
Earlean Haliburton
Cecil Crowder
Larry White

Jonathan Gay-Director

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**SCHEDULE OF INFORMATION REQUIRED BY THE
TENNESSEE EMERGENCY COMMUNICATIONS BOARD**

FOR THE YEAR ENDED JUNE 30, 2009

Number of public safety answering points (PSAP):	1
Address of each PSAP:	132 Dodge Drive Ripley, TN 38063
Type of system/equipment and database used by each PSAP:	Positron equipment, database monitored by AT&T.
Name, address, telephone number, and fax number of the director of the emergency communication district:	Jonathan Gay 15570 Highway 87 Henning, TN 38041 phone (731) 738-5917 fax (731) 738-5914
Name, address, telephone number, and fax number of the chairman of the emergency communication district:	Frank Currie P.O. Box 499 Henning, TN 38041 phone (731) 635-4599 fax (731) 738-2625

ROBERT T. NEWBILL, C.P.A.
J. RODNEY HENRY, C.P.A.

Newbill & Henry
CERTIFIED PUBLIC ACCOUNTANTS
400 MASONIC STREET
DYERSBURG, TENNESSEE 38024
Telephone: (731) 285-6884
Fax: (731) 285-6885

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Directors
Lauderdale County Emergency
Communications District
Ripley, Tennessee

We have audited the financial statements of the Lauderdale County Emergency Communications District (the District), a discretely presented component unit of Lauderdale County, Tennessee, as of and for the year ended June 30, 2009, and have issued our report thereon dated January 5, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be control 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 function, 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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be control deficiencies in internal control over financial reporting as item 2007-1.

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

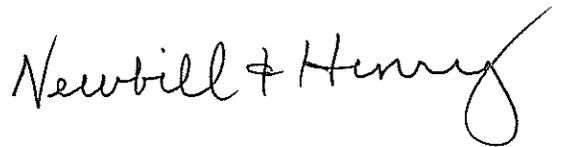
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the control deficiencies described above is a material weakness.

Control and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as items 2007-3 and 2008-2.

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

This report is intended solely for the information and use of management, the Board of Directors, pass through entities, the State of Tennessee 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.



January 5, 2010

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FINDINGS, RECOMMENDATIONS, AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

- 2007 – 1 Finding – Disbursements of District funds are not always evidenced by supporting documentation.
- Recommendation – All disbursements must be supported by vendor's invoices, billing statements, check requests, etc.
- Response – We understand the necessity of this suggestion, and we will insure that supporting documentation for all expenditures is available for inspection.
-
- 2007 – 3 Finding – Certain line item expenditures exceeded approved budgeted expenditures. Although total expenditures were less than total approved budgeted expenditures, the legal level of control is at the line item level.
- Recommendation – We recommend that District personnel review the budget near the end of the fiscal year and submit any necessary amendments to the Board for its approval. Substantial improvement was noted over the previous year.
- Response – We will further refine our procedures.
-
- 2008-2 Finding – The District does not have a capitalization threshold.
- Recommendation – The District should adopt a capitalization threshold or specify a dollar value that assets must exceed if they are to be capitalized. The District is free to select different capitalization thresholds for different capital asset classes.
- Response – We will consult with our fee accountant and develop a capitalization policy.

Resolution of prior audit findings:

Findings 2007-1, 2007-3, and 2008-2 are repeated from the previous year.

Prior year finding 2008-1 has been resolved.