

**LAKE COUNTY
EMERGENCY COMMUNICATIONS DISTRICT**

FINANCIAL STATEMENTS

June 30, 2009

**LAKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT
TABLE OF CONTENTS**

Introductory Section

Schedule of Officials

Financial Section

Independent Auditor's Report.....	1
Statement of Net Assets.....	3
Statement of Revenues, Expenses and Changes in Net Assets.....	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6

Other Supplementary Information Section

Budgetary Comparison Schedule.....	10
Schedule of Information Required by the Tennessee Emergency Communications Board - Unaudited	11

Internal Control and Compliance Section

Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12
Schedule of Findings and Response	14
Summary Schedule of Prior Year Findings.....	16

INTRODUCTORY SECTION

**LAKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF OFFICIALS**

Board Members

Doug Robertson – Chairman

Mary Ruth Bargery – Treasurer

Glen Floyd – Secretary

Brian Avery

Sue Inlow

Teresa Hays

Elaine Nettles

Chris Cook

Management Officials

Kim Keeling – Bookkeeper

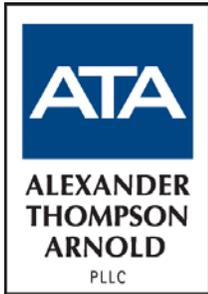
Regina Moore – Mapping and Addressing Coordinator

Independent Certified Public Accountants

Alexander Thompson Arnold PLLC

Union City, Tennessee

FINANCIAL SECTION



Certified Public Accountants

624 East Reelfoot Avenue Telephone: (731) 885-3661
Union City, TN 38261 (800) 273-3240
Fax: (731) 885-6909

Members of:
American Institute of Certified Public Accountants
Governmental Audit Quality Center – AICPA
Tennessee Society of Certified Public Accountants
Center for Public Company Audit Firms
Employee Benefit Plan Audit Quality Center – AICPA

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Independent Auditor's Report

Board of Directors
Lake County Emergency Communications District
Tiptonville, Tennessee

We have audited the accompanying financial statements of the Lake County Emergency Communications District, a component unit of Lake 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 an opinion on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2009, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Dyersburg, TN
Fulton, KY
Henderson, TN
Jackson, TN
Martin, TN

Milan, TN
McKenzie, TN
Paris, TN
Trenton, TN
Union City, TN

Lake County Emergency Communications District has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section and other supplementary information section include supplementary information that is presented for purposes of additional analysis and is not a required part of the financial statements of the Lake County Emergency Communications District. The budgetary comparison schedule has been subjected to the auditing procedures applied in the audit of the accompanying financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and the schedule of information required by the Tennessee Emergency Communications Board have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Alexander Thompson Arnold PLLC

Union City, Tennessee
October 26, 2009

**LAKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009**

ASSETS

Current assets		
Cash		\$ 220,824
Accounts receivable		<u>20,460</u>
Total current assets		241,284
Noncurrent assets		
Communications equipment	301,680	
Office equipment	13,734	
Accumulated depreciation	<u>(107,521)</u>	
Total noncurrent assets		<u>207,893</u>
Total assets		449,177

LIABILITIES

Current liabilities		
Accounts payable		<u>9,100</u>

NET ASSETS

Invested in capital assets	207,893	
Unrestricted	<u>232,184</u>	
Total net assets		<u>\$ 440,077</u>

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

Operating revenue		
TECB - shared wireless charge		\$ 20,516
TECB - operational funding		72,215
Miscellaneous carriers		<u>25,891</u>
Total operating revenue		118,622
Operating expenses		
Salaries and wages		
Dispatchers	34,667	
Employee benefits		
Payroll taxes	2,155	
Contracted services		
Addressing/mapping expense	9,600	
Advertising	108	
Audit services	2,950	
Bookkeeping services	3,600	
Fees paid to service provider	15,919	
Maintenance and repair - communications equipment	9,188	
Fuel	350	
Supplies and materials		
Office supplies	160	
Postage	160	
Utilities	1,566	
Other charges		
Insurance - surety bonds	100	
Licenses and fees	124	
Training	60	
Travel	933	
Depreciation expense	<u>35,736</u>	
Total operating expenses		<u>117,376</u>
Operating income		1,246
Non-operating income		
Interest income	840	
TECB grants and reimbursements	<u>14,575</u>	
Total non-operating income		<u>15,415</u>
Net income		16,661
Net assets - July 1, 2008		<u>423,416</u>
Net assets - June 30, 2009		<u>\$ 440,077</u>

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

**LAKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

Cash flows from operating activities	
Cash received from customers	\$ 130,071
Cash payments to suppliers for goods and services	(64,653)
Cash payments to/for employees for services and benefits	<u>(36,822)</u>
Net cash provided by operating activities	28,596
Cash flows from capital and related financing activities	
Proceeds and reimbursements from grants	14,575
Purchase of property, plant, and equipment	<u>(38,852)</u>
Net cash used by capital and related financing activities	(24,277)
Cash flows from investing activities	
Interest earned on investments	<u>840</u>
Net increase in cash	5,159
Cash - July 1, 2008	<u>215,665</u>
Cash - June 30, 2009	<u>\$ 220,824</u>

Reconciliation of operating income to net cash provided by operating activities

Operating income	\$ 1,246
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>	
Depreciation	35,736
Increase in accounts receivable	(16,162)
Decrease in due from TECB	27,611
Decrease in accounts payable	<u>(19,835)</u>
Total adjustments	<u>27,350</u>
Net cash provided by operating activities	<u>\$ 28,596</u>

**LAKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Over (Under)</u>
Operating revenue				
TECB - shared wireless charge	\$ -	\$ -	\$ 16,327	\$ 16,327
TECB - operational funding	72,215	72,215	72,215	-
Miscellaneous carriers	<u>53,000</u>	<u>53,000</u>	<u>13,918</u>	<u>(39,082)</u>
Total operating revenue	<u>125,215</u>	<u>125,215</u>	<u>102,460</u>	<u>(22,755)</u>
Operating expenses				
Salaries and wages				
Dispatchers	30,103	42,945	42,842	(103)
Employee benefits				
Payroll taxes	9,897	9,965	2,155	(7,810)
Contracted services				
Addressing/mapping expense	9,600	9,600	9,600	-
Advertising	50	103	48	(55)
Audit services	3,000	3,060	2,950	(110)
Bookkeeping services	3,600	3,600	3,300	(300)
Fees paid to service provider	17,899	17,899	16,049	(1,850)
Lease/rental - communications equipment	27,000	54,790	54,790	-
Maintenance and repair - communications equipment	5,000	5,000	240	(4,760)
Fuel	600	600	350	(250)
Supplies and materials				
Office supplies	400	400	160	(240)
Postage	150	160	160	-
Utilities	1,550	1,566	1,566	-
Other charges				
Insurance - surety bonds	300	300	100	(200)
Licenses and fees	-	5,178	5,024	(154)
Training	-	60	60	-
Travel	-	933	933	-
Total operating expenses	<u>109,149</u>	<u>156,159</u>	<u>140,327</u>	<u>(15,832)</u>
Operating income (loss)	16,066	(30,944)	(37,867)	(6,923)
Non-operating income				
Interest income	792	792	840	48
TECB grants and reimbursements	<u>27,000</u>	<u>27,000</u>	<u>42,186</u>	<u>15,186</u>
Total non-operating income	<u>27,792</u>	<u>27,792</u>	<u>43,026</u>	<u>15,234</u>
Net income	<u>\$ 43,858</u>	<u>\$ (3,152)</u>	<u>\$ 5,159</u>	<u>\$ 8,311</u>

LAKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 – Significant Accounting Policies

A. Reporting Entity

The Lake County Emergency Communications District was created in October 2000 by the legislative body of Lake County, Tennessee, to be an emergency communications district as defined by Tennessee state law. As such, it is considered to be a "municipality" or public corporation in perpetuity under its corporate name and shall be a body politic and corporate with power of perpetual succession, but without power to levy or collect taxes. All Tennessee emergency communications districts are required to follow the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* developed by the Office of the Comptroller of the Treasury, Division of County Audit, pursuant to Section 7-86-304, *Tennessee Code Annotated*.

In evaluating how to define the Lake County Emergency Communications District for financial reporting purposes, management has considered whether the District is a primary government or a component unit of another primary government. The decision to be included as a component unit of another reporting entity is made by applying the criteria set forth in Governmental Accounting Standards Board Statement 14, *The Financial Reporting Entity*. The District must obtain the approval of the Lake County Commission before issuance of most debt instruments. The County has determined that this constitutes fiscal dependency by the District, and has, therefore, included the District as a component unit of Lake County.

The District is deemed to be a municipality under Tennessee state law and, as such, is exempt from federal income taxes.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Lake County Emergency Communications District accounts for its financial position and results of operations in accordance with generally accepted accounting principles as defined in the statements of the Governmental Accounting Standards Board (GASB) for proprietary funds. Generally accepted accounting principles for proprietary fund types are those applicable to similar businesses in the private sector, and the measurement focus is on the determination of net income, financial position, and cash flows. Proprietary fund types are accounted for on the accrual basis, whereby income is recognized as it is earned and expenses are recognized as they are incurred, whether or not cash is received or paid out at that time.

The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 20 gives governments the option of applying all Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its proprietary funds, unless they conflict with or contradict GASB pronouncements. The Office of the Comptroller of the Treasury requires Tennessee emergency communications districts not to implement FASB statements and interpretations issued thereafter, unless they are adopted by GASB.

The District's Board of Directors approves an appropriatory budget annually. The budget is prepared on a basis which differs from generally accepted accounting principles (GAAP) pertaining to proprietary funds, in that capital expenditures are budgeted as operating expenses rather than

LAKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

being capitalized as fixed assets and expenses are on the cash basis rather than the accrual basis. The legal level of control is at each line item of expense; therefore, each line item must be amended prior to expending funds. Occasionally expenditures may exceed the budgeted amounts due to adjustments made to convert from the budgetary basis to the GAAP basis. A reconciliation of the differences between budgetary basis and GAAP basis is presented below.

Net income – budgetary basis	\$ 5,159
Accrual adjustments	8,386
Capitalized expenditures	38,852
Depreciation expense	(35,736)
Net income – GAAP basis	\$ 16,661

C. Assets, Liabilities, and Net Assets

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 inception. State statutes authorize the System to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations by the U.S. government or its agencies, repurchase agreements as approved by the state director of local finance, and the state's local government investment pool.

Accounts receivable

Accounts receivable represent amounts due from various telephone companies.

Capital assets

Capital assets are stated at cost. At this time, assets consist only of communications equipment and office equipment, which are depreciated using the straight-line method over estimated useful lives ranging from 5-10 years.

Compensated absences

The District pays one employee hourly, and the other staff are considered contract labor. Any vacation or sick leave is expensed as incurred. An accrual for compensated absences would not be material to the financial statements.

Net assets

Equity is reported as net assets which are classified into the following components as applicable:

- Invested in capital assets – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any payables that are attributable to the acquisition, construction, or improvement of those assets
- Restricted – net assets when constraints are placed on their use by external third parties or imposed by law
- Unrestricted – all other net assets that do not meet the definition of the other categories

The District elects to use restricted assets before unrestricted assets when the situation arises where either can be used.

LAKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 2 – Detailed Notes on Accounts

A. Deposits and investments

As of June 30, 2009, investments consisted of a certificate of deposit with a maturity of greater than three months.

Custodial Credit Risk - The District's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the District's agent in the District's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the District to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2009, all bank deposits were fully collateralized or insured.

B. Capital assets

Capital asset activity during the year was as follows:

Description	Balance 6/30/08	Additions	Disposals	Balance 6/30/09
Capital assets, being depreciated				
Communications equipment	\$ 262,828	\$ 38,852	\$ -	\$ 301,680
Office equipment	13,734	-	-	13,734
Total capital assets being depreciated	<u>276,562</u>	<u>38,852</u>	<u>-</u>	<u>315,414</u>
Less accumulated depreciation				
Communications equipment	70,750	33,905	-	104,655
Office equipment	1,035	1,831	-	2,866
Total accumulated depreciation	<u>71,785</u>	<u>35,736</u>	<u>-</u>	<u>107,521</u>
Total capital assets, net	<u>\$ 204,777</u>	<u>\$ 3,116</u>	<u>\$ -</u>	<u>\$ 207,893</u>

LAKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 3 – Other Information

Risk Management

The District is exposed to various risks related to general and public officials' liability, officers/directors omissions liability and property and casualty loss. Since the District's operations are run through the Lake County Sheriff's Department, the District is covered by Lake County's insurance. The County is insured through Local Government Insurance Pool, which is a public entity risk pool established to provide insurance coverage to local governments and is self-sustaining through member premiums. The pool reinsures through commercial insurance companies for claims in excess of a fixed amount set by the pool for each insured event. Settlements have not exceeded insurance coverage in any of the prior three years.

OTHER SUPPLEMENTARY INFORMATION SECTION

**LAKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Over (Under)</u>
Operating revenue				
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Utilities	1,550	1,566	1,566	-
Other charges				
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Training	-	60	60	-
Travel	<u>-</u>	<u>933</u>	<u>933</u>	<u>-</u>
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Non-operating income				
Interest income	792	792	840	48
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Total non-operating income	<u>27,792</u>	<u>27,792</u>	<u>43,026</u>	<u>15,234</u>
Net income	<u>\$ 43,858</u>	<u>\$ (3,152)</u>	<u>\$ 5,159</u>	<u>\$ 8,311</u>

**LAKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF INFORMATION REQUIRED BY THE
TENNESSEE EMERGENCY COMMUNICATIONS BOARD - UNAUDITED
June 30, 2009**

At June 30, 2009, the Lake County Emergency Communications District had only one public safety answering point (PSAP). The address of and the type of equipment used by the PSAP are as follows:

Address: 109 Court Street
 Tiptonville, TN 38079

Equipment: Positron

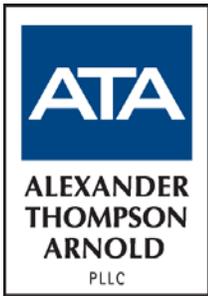
The names, addresses, and telephone numbers of the District's key officials are as follows:

Chairman: Doug Robertson
 715 Madie Road
 Ridgely, TN 38080
 Ph. 731.253.7382
 Fax 731.253.9815

Bookkeeper: Kim Keeling
 109 Court Street
 Tiptonville, TN 38079
 Ph. 731.253.7382
 Fax 731.253.9815

Mapping/Addressing
Coordinator: Regina Moore
 109 Court Street
 Tiptonville, TN 38079
 Ph. 731.253.7382
 Fax 731.253.9815

INTERNAL CONTROL AND COMPLIANCE SECTION



Certified Public Accountants

624 East Reelfoot Avenue Telephone: (731) 885-3661
Union City, TN 38261 (800) 273-3240
Fax: (731) 885-6909

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American Institute of Certified Public Accountants
Governmental Audit Quality Center – AICPA
Tennessee Society of Certified Public Accountants
Center for Public Company Audit Firms
Employee Benefit Plan Audit Quality Center – AICPA

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

Board of Directors
Lake County Emergency Communications District
Tiptonville, Tennessee

We have audited the financial statements of the Lake County Emergency Communications District, a component unit of Lake County, Tennessee, as of and for the year ended June 30, 2009, and have issued our report thereon dated October 26, 2009. 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 Lake County Emergency Communications District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of 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 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 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 District'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 District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency described in the accompanying schedule of findings and response as item 01-1 to be a significant deficiency in internal control over financial reporting.

Dyersburg, TN
Fulton, KY
Henderson, TN
Jackson, TN
Martin, TN

Milan, TN
McKenzie, TN
Paris, TN
Trenton, TN
Union City, TN

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 District's internal control.

Our 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 and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 01-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lake County Emergency Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and response as items 08-1 and 08-2.

Lake County Emergency Communications District's response to findings identified in our audit is described in the accompanying schedule of findings and response. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management, and the State of Tennessee Comptroller's Office and is not intended to be and should not be used by anyone other than these specified parties.

Alexander Thompson Arnold PLLC

Union City, Tennessee
October 26, 2009

LAKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FINDINGS AND RESPONSE
June 30, 2009

FINDINGS RELATIVE TO THE AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Significant Deficiency

01-1 Segregation of Duties – material weakness

Condition: Due to the size of the staff, the Lake County Emergency Communications District could not fully segregate the record-keeping, custodial and authorization functions of its internal accounting controls for the year ended June 30, 2009.

Criteria: Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that the internal accounting controls are effective.

Effect: The risk of errors and irregularities occurring and not being detected in a timely manner increases when accounting functions are not adequately segregated.

Recommendation: While auditors recognize that staff size, due to funding limitations, is not adequate to fully segregate the functions mentioned above, management needs to be aware that this limitation of internal accounting controls does exist in the District.

Response: *We concur.*

Non-compliance

08-1 Surety Bond

Condition: The District did not obtain surety bonds in amounts required by state statute.

Criteria: Tennessee Code Annotated 7-86-119 states “Any . . . authorized person of an emergency communications district, who receives public funds, has authority to make expenditures from public funds, or has access to any public funds is hereby required to give bond made payable to the state of Tennessee The amount of such required bond shall be a reasonable amount as determined by the amount of public funds received, expended, or the amount of such bond shall be reasonable to protect the public from breach of the condition of faithful discharge of the duties of such office or position, when the amount of public funds to be received, or expended, or to which that person will have access is considered. Effective July 1, 1994, the minimum amount of such required bond shall be determined from the amount of revenues handled by the respective emergency communications district during the last audit approved by the comptroller of the treasury. The minimum amount of the bond shall be based on revenues as follows:

- Less than fifty thousand dollars (\$50,000) — a base bond of five thousand dollars (\$5,000);
- From fifty thousand dollars (\$50,000) to five hundred thousand dollars (\$500,000) — an amount equal to ten percent (10%) of the revenues handled by the district.”

Effect: Failure to comply with state laws governing surety bonds increases the risk of loss of public funds.

LAKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FINDINGS AND RESPONSE
June 30, 2009

Recommendation: We recommend that the District obtain surety bonds on all personnel in the amounts required by state statute.

Response: *We will monitor the revenue more closely, and make sure that we have or obtain surety bonds in the amounts required by state statute.*

08-2 Dual Signatures

Condition: The District did not obtain dual signatures on all checks as required by state statute.

Criteria: TCA 7-86-124 states "No member of the board of directors shall have control or custody of the financial assets of an emergency communications district. No member of the board of directors, on such member's sole authority [*emphasis added*], may authorize the disbursement, transfer, withdrawal or investment of any financial assets belonging to the emergency communications district." To comply with this statute, all checks must have two signatures.

Effect: Failure to comply with state laws governing dual signatures increases the risk of loss of public funds.

Recommendation: We recommend that the District obtain dual signatures on all checks.

Response: *We will monitor more closely to make sure that there are 2 signatures on each check that is signed.*

**LAKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2009**

Significant deficiencies

01-1 Segregation of Duties – repeated

Non-compliance

04-3 Budget Amendments – corrected

08-1 Surety Bonds – repeated

08-2 Dual Signatures – repeated