

**Robertson County Emergency  
Communications District  
(A Component Unit)  
Financial Statements  
June 30, 2009**

**Robertson County Emergency Communications District  
(A Component Unit)  
Table of Contents**

Introductory Section

Board of Directors..... 1

Financial Section

Independent Auditors' Report.....2  
Statement of Net Assets .....4  
Statement of Revenues, Expenses and Changes in Net Assets .....5  
Statement of Cash Flows – Direct Method .....6  
Notes to Financial Statements.....8

Supplementary Information

Budgetary Comparison Schedule .....17  
Schedule of Information required by the Tennessee Emergency Communications  
Board ..... 19  
Schedule of Insurance in Force .....20  
Exhibit 1 – Schedule of Salaries and Wages .....21  
Exhibit 2 – Schedule of Employee Benefits .....22  
Exhibit 3 – Schedule of Contracted Services.....23  
Exhibit 4 – Schedule of Supplies and Materials.....24  
Exhibit 5 – Schedule of Other Charges .....25

Internal Control and Compliance Section

Auditors' Report on Compliance and Internal Control.....26  
Schedule of Findings and Responses .....28

**Robertson County Emergency Communications District  
(A Component Unit)  
Board of Directors  
June 30, 2009**

***Name***

Jackie W. Wilkerson, Chairman  
1010 Kamber Leigh Dr.  
Cedar Hill, TN 37032

Elvis Wilson, Vice-Chairman  
6007 Wayman Dunn Rd.  
Springfield, TN 37172

Gwen Martin, Secretary/Treasurer  
132 Eagle Tr.  
Springfield, TN 37172

Ron Gallagher, Member  
2201 Masters Drive  
Springfield, TN 37172

Bruce Dean, Member  
2201 Memorial Blvd.  
Springfield, TN 37172

Gene Bollinger, Member  
5971 Brown Rd.  
Springfield TN 37172

Nancy Johnson, Member  
8078 Clay Gregory Rd.  
Orlinda, TN 37141

R. L. Douglas, Member  
103 Corbitt Ln.  
Springfield, TN 37172

Kathy Spears, Member  
P.O. Box 727  
Ridgetop, TN 37152

# *Gillette, Henderson & Co., PLLC*

CERTIFIED PUBLIC ACCOUNTANTS

*John R. Gillette, CPA*  
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*4811 Lebanon Road, Suite 208*  
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To the Board of Directors  
Robertson County Emergency Communications District  
Springfield, TN 37172

## Independent Auditors' Report

We have audited the accompanying basic financial statements of the Robertson County Emergency Communications District, a component unit of Robertson County, TN, 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 entity'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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Robertson County Emergency Communications District as of June 30, 2009, and the changes in 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 a report dated February 15, 2010, on our consideration of Robertson County Emergency Communications District's internal control over financial reporting and on tests of its compliance with certain provisions of laws, regulations and contracts. 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 important for assessing the results of our audit.

The Robertson County Emergency Communications District has not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States 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 basic financial statements. The supplementary information on pages 17-18 and 21-25 is presented for purposes of additional analysis as required by the Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts and is not a required part of the basic financial statements. The schedules of detailed expenses and budgetary comparisons on pages 17-18 and 21-25 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedule of information required by the Tennessee Emergency Communications Board on page 19 and the Schedule of Insurance in force on page 20, which are of a non-accounting nature, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

*Gillette, Henderson & Co., PLLC*

Gillette, Henderson & Co., PLLC  
Hermitage, Tennessee  
February 15, 2010

**Robertson County Emergency Communications District**  
**(A Component Unit)**  
**Statement of Net Assets**  
**June 30, 2009**

ASSETS

Current Assets	
Cash	\$ 200,017
Investments	389,316
Accounts Receivable	36,640
Due from Tennessee Emergency Communications Board	241,851
Prepaid Expenses	7,540
Total Current Assets	<u>875,364</u>
Noncurrent Assets	
Restricted Assets - Restricted Cash and Investments	<u>3,197,943</u>
Total Noncurrent Assets	<u>3,197,943</u>
Capital Assets	
Land	270,000
Construction in Progress	588,160
Furniture and Fixtures	105,655
Office Equipment	5,499
Communications Equipment	1,273,934
Vehicles	21,207
Total Property and Equipment	<u>2,264,455</u>
Accumulated Depreciation	<u>(848,543)</u>
Net Property and Equipment	<u>1,415,912</u>
Other Assets	
Bond Issue Costs	<u>32,854</u>
Total Other Assets	<u>32,854</u>
Total Assets	<u>\$ 5,522,073</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Compensated Absences Payable	\$ 20,798
Accrued Interest Payable	0
Other Current Liabilities - Retainage	7,500
Bonds Payable - Current	<u>100,000</u>
Total Current Liabilities	<u>128,298</u>
Noncurrent Liabilities	
Bonds Payable - Long Term	<u>2,900,000</u>
Total Noncurrent Liabilities	<u>2,900,000</u>
Total Liabilities	<u>3,028,298</u>
Net Assets	
Invested in Capital Assets	1,415,912
Restricted for Capital Projects, Net or Related Debt	197,943
Unrestricted Net Assets	<u>879,920</u>
Total Net Assets	<u>2,493,775</u>
Total Liabilities and Net Assets	<u>\$ 5,522,073</u>

**Robertson County Emergency Communications District**  
**(A Component Unit)**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**For the Year Ended June 30, 2009**

Operating Revenue	
Emergency Telephone Service Charge	\$ 508,857
Tennessee Emergency Communications Board - Shared Wireless Charge	141,667
Tennessee Emergency Communications Board - Operational Funding	<u>140,048</u>
Total Operating Revenues	<u>790,572</u>
Operating Expenses	
Salaries and Wages (see Exhibit 1)	116,331
Employee Benefits (see Exhibit 2)	38,628
Contracted Services (see Exhibit 3)	153,281
Supplies and Materials (see Exhibit 4)	10,000
Other Charges (see Exhibit 5)	10,458
Depreciation	<u>105,502</u>
Total Operating Expenses	<u>434,200</u>
Operating Income (Loss)	<u>356,372</u>
Nonoperating Revenues and (Expenses)	
Interest Income	16,284
Tennessee Emergency Communications Board - Grants and Reimbursements	<u>164,575</u>
Total Nonoperating Revenues and (Expenses)	<u>180,859</u>
Income before Capital Contribution	<u>537,231</u>
Capital Contributions	
Capital Contributions from Primary Government	<u>270,000</u>
Total Capital Contributions	<u>270,000</u>
Increase (Decrease) in Net Assets	<u>807,231</u>
Net Assets, Beginning of Year	<u>1,686,544</u>
Net Assets, End of Year	<u><u>\$ 2,493,775</u></u>

**Robertson County Emergency Communications District**  
**(A Component Unit)**  
**Statement of Cash Flows - Direct Method**  
**For the Year Ended June 30, 2009**

**Cash Flows From Operating Activities**

Cash Received from Surcharges and Other Revenues	\$ 723,573
Cash Paid to Suppliers for Goods and Services	(174,713)
Cash Paid for Payroll, Taxes and Related Benefits	(152,623)
Net Cash Provided (Used) by Operating Activities	396,237

**Cash Flows From Noncapital Financing Activities**

Grants Reimbursements/TECB	14,575
Proceeds from Issuance of Revenue Bonds	3,000,000
Bond Proceeds Invested in Restricted Cash	(2,967,146)
Bond Issuance Costs Incurred	(32,854)
Net Cash Provided (Used) by Noncapital Financing Activities	14,575

**Cash Flows From Capital and Related Financing Activities**

Purchases of fixed assets	(187,470)
Net Cash Provided (Used) by Capital and Related Financing	(187,470)

**Cash Flows From Investing Activities**

Transfers to Restricted Cash	(230,797)
Purchase of CDs	(29,631)
Interest Received	16,284
Net Cash Provided (Used) by Investing Activities	(244,144)

Net Increase (Decrease) In Cash	(20,802)
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Cash at Beginning of Year	220,819
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Cash at End of Year	\$ 200,017
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**Robertson County Emergency Communications District**  
**(A Component Unit)**  
**Statement of Cash Flows - Direct Method**  
**For the Year Ended June 30, 2009**

**Reconciliation of Net Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities**

Net income (loss) from Operations	\$ 356,372
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities	
Depreciation	105,502
Non-Operating Revenue from TECB	150,000
(Increase) decrease in accounts receivable	2,947
(Increase) decrease in Due from TECB	(219,946)
(Increase) decrease in prepaid assets	(974)
Increase (decrease) in accrued absences	2,336
Total adjustments	39,865
Net Cash Provided (Used) by Operating Activities	\$ 396,237

Supplemental Disclosures

Cash Paid During the Year for:

Interest	\$ -
Taxes	\$ -

Non Cash Investing, Financing and Capital Activities

Value of Land Donated to the District	\$ 270,000
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**Robertson County Emergency Communications District  
(A Component Unit)  
Notes to Financial Statements**

**Note 1 - Summary of Significant Accounting Policies**

**Organization**

Robertson County Emergency Communications District (the District) was created as a "Municipality" or public corporation on January 31, 1987 under the authority of the provisions of Chapter 867 of the Tennessee Public Acts of 1984, as approved by the voters of Robertson County, Tennessee. The powers of the District are vested in and exercised by a majority of the members of the Board of Directors, who are appointed by the County Court. The Board consists of nine members. The District is considered a political subdivision and is exempt from Federal and State income tax.

The District is considered a component unit of Robertson County since the County Court appoints the Board of Directors, and therefore, may indirectly impose its will on the District. Furthermore, the county provides office space at a nominal fee to cover utilities and dispatchers through the Sheriff's Department; therefore, the county provides a substantial financial benefit to the District.

**Measurement Focus/ Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

District operations are accounted for on a cost of service measurement focus using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

The accounts of the District are organized as a proprietary governmental fund. A proprietary fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs of providing services to the general public covered by the District are financed through user charges. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's ongoing operations. The principle operating revenues are E-911 service charges, state operational funding and tariffs. Operating expenses for enterprise funds include the communication expenses, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Proprietary funds have the option of consistently following or not following FASB pronouncements issued subsequent to November 30, 1989. The District, considering the requirements of the Office of the Comptroller of the Treasury, will only follow GASB guidance issued after November 1989, and not follow any FASB guidance subsequent to November 1989.

**Robertson County Emergency Communications District  
(A Component Unit)  
Notes to Financial Statements**

**Note 1 - Summary of Significant Accounting Policies (continued)**  
**Measurement Focus/ Basis of Accounting (continued)**

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**Cash and Cash Equivalents**

For the purposes of the statement of cash flows, the District considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The cash flow statement is prepared in accordance with GASB statement No. 9 as the organization is considered a component of the County. Cash deposits and investments in CD's are reported at carrying amounts which approximates fair value.

**Accounts Receivable/Due from State Emergency Communications Board**

The District has receivables due from communication service providers and the State ECB for service charges, grant reimbursements and tariffs. Based on the nature of the revenues there will always be at least one month's receivable at the end of the year. There has been no allowance for doubtful accounts recorded because the probability of non-payment is low. Accounts receivable are recorded when incurred.

Accounts Receivable is concentrated with two vendors. Both vendors are pass-thru entities that collect and forward wireless and land line collections from customers in Robertson County.

**Property, Plant and Equipment**

Property, plant and equipment are carried at cost. Depreciation is computed using the straight-line and double declining methods over the estimated useful lives of the respective assets. The District capitalizes all significant purchases with a useful life greater than one year.

**Budgets and Budgetary Accounting**

The District's annual budget is required by state law and assists its users in analyzing financial activity for the fiscal year ended June 30, 2009. The District's board of directors formally approves the budget. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States. The budget was amended during the year by vote of the Board of Directors. The budget may also be amended at the discretion of the director when necessary.

Budgeted amounts lapse at the end of the fiscal year and no unexpended balances are carried to the subsequent year.

**Robertson County Emergency Communications District**  
**(A Component Unit)**  
**Notes to Financial Statements**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Risk Management**

The District is exposed to various risks of loss from theft of, damage to, and destruction of assets; errors and omissions; employee injuries and illnesses; natural disasters; tort; medical malpractice claims and judgments; and employee health and accident benefits. Commercial insurance has been purchased for claims arising from such matters. The District has had no settled claims in any of three preceding years.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Note 2 - Service Arrangement Contract and Economic Dependence**

In 1987 Robertson County Emergency Communications District negotiated a service application with AT&T, formerly known as BellSouth, for the installation and service of an Enhanced 911 Emergency Service System. AT&T furnishes equipment and service sufficient to operate the system for an initial installation fee and a monthly fee based upon the number of telephone stations and access lines served by the System. At June 30, 2009, the monthly fee is one percent of the subscriber fees billed to customers.

**Note 3 - Occupancy In-Kind and Related Party Transactions**

Robertson County provides free office space and dispatch service for the District operations. No provision has been made to recognize this item in the financial statements of Robertson County Emergency Communications District because the amount cannot be reasonably determined. The District pays \$150 per month to Robertson County to cover the cost of general utilities. General utilities include electric, gas, water, sewer and general telephone. The District is also liable for an accounting fee of one percent of net cash receipts (gross revenues less uncollectibles on the cash basis) totaling \$9,494 which is paid to the Robertson County Finance office for accounting services.

**Note 4 - Board Designated Net Assets**

The Board of Directors has designated \$454,049 of their net assets for anticipated additional equipment and unexpected costs related to Homeland Security requirements and a complete radio upgrade.

**Note 5 - Noncash Transaction - Land Donation**

As of March 10, 2009, the City of Springfield donated land to the Robertson County Emergency Communications District valued at \$270,000 for the building of a new Central Communications Center. The amount is shown on the statement of net assets as Land and on the statement of revenues and expenses as capital contributions from primary government.

**Robertson County Emergency Communications District  
(A Component Unit)  
Notes to Financial Statements**

**Note 6 - Cash Deposits and Investments**

The District's deposits with financial institutions consist of the following at June 30, 2009:

	Maturity Date	Interest Rate	Carrying Amount	Bank Balance
Cash:				
Checking	n/a	n/a	\$174,498	\$190,094
Elite Checking	n/a	2.02%	25,519	25,519
Construction Checking	n/a	1.63%	2,967,943	3,000,797
			<u>\$3,167,960</u>	<u>\$3,216,410</u>
Temporary investments:				
Certificate of Deposit-4777	5/13/2010	2.35%	\$ 100,000	\$ 100,000
Certificate of Deposit-8186	4/5/2009	1.49%	101,683	101,683
Certificate of Deposit-9005	6/22/2010	2.5%	230,000	230,000
Certificate of Deposit-3220	7/19/2009	4.67%	32,388	32,388
Certificate of Deposit-3620	11/21/2009	3.02%	51,527	51,527
Certificate of Deposit-1213	10/28/2009	3.95%	103,718	103,718
			<u>\$619,316</u>	<u>\$619,316</u>
Total Cash and Investments			<u>\$3,787,276</u>	<u>\$3,835,726</u>

Custodial credit risk for the District's deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As required by state statutes, the District's policy is to require that financial institutions holding its deposits to be members of the Tennessee Collateral Pool or pledge collateral for deposits in excess of federal depository insurance. At June 30, 2009, bank deposits did not exceed amounts insured and collateralized.

State statutes authorize the District to invest in obligations of the federal government, federal agencies, state government, the state investment pool, certificates of deposit, other time deposits and repurchase agreements. The District's investment policy follows state law which authorizes investments for emergency communications districts in Tennessee Code Annotated Section 5-8-301. All of the District's temporary investments are in certificates of deposit with maturity dates that range from 6 to 24 months.

**Note 7 - Restricted Assets**

Certain of the District's cash and investments are restricted for the following purposes:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Restricted for Capital Projects	\$2,967,943		\$2,967,943
Restricted for Debt Service		\$230,000	230,000
Total	<u>\$2,967,943</u>	<u>\$230,000</u>	<u>\$3,197,943</u>

**Robertson County Emergency Communications District  
(A Component Unit)  
Notes to Financial Statements**

**Note 8 – Property and Equipment**

Property and Equipment consisted of the following at June 30, 2009:

	Balance 06/30/2008	Additions	Deletions	Balance 06/30/2009
Land	\$ 0	\$ 270,000	\$ 0	\$270,000
Construction in Progress	448,807	139,353		588,160
Furniture and Fixtures	104,097	1,558		105,655
Accumulated Depreciation – F&F	(16,434)	(18,927)		(35,361)
Office Equipment	4,244	1,255		5,499
Accumulated Depreciation – OE	(3,371)	(1,027)		<b>(4,398)</b>
Communications Equipment	1,267,909	45,305	39,280	1,273,934
Accumulated Depreciation – CE	(746,631)	(94,187)	(39,280)	(801,538)
Vehicles	21,207			21,207
Accumulated Depreciation – Vehicles	(5,125)	(2,121)		(7,246)
<b>Net Property and Equipment</b>	<b>\$1,074,703</b>	<b>\$341,209</b>	<b>\$ 0</b>	<b>\$1,415,912</b>

Assets are valued at cost of purchase and depreciated using the straight-line and double-declining balance methods over their useful lives.

**Note 9 – Compensated Absences**

Upon termination, the employee is paid for all vacation accrued up to 240 hours. Any excess vacation hours are reclassified as sick time. Then the terminated employee would also receive 25 percent of all sick time accrued. If 25 percent of sick time exceeds 240 hours, the remainder is used as credit to increase service years in TCRS.

**Note 10 – Retirement Plan**  
**PLAN DESCRIPTION**

Employees of Robertson County 911 Emergency Communications District 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

**Robertson County Emergency Communications District  
(A Component Unit)  
Notes to Financial Statements**

**Note 10 – Retirement Plan (continued)**

**PLAN DESCRIPTION**

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 Robertson County 911 Emergency Communications District 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 <http://www.treasury.state.tn.us/tcrs/PS/>.

**FUNDING POLICY**

Robertson County 911 Emergency Communications District has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll.

Robertson County 911 Emergency Communications District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2009 was 10.35% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Robertson County 911 Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

**ANNUAL PENSION COST**

For the year ending June 30, 2009, Robertson County 911 Emergency Communications District's annual pension cost of \$11,561 to TCRS was equal to Robertson County 911 Emergency Communications District'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

**Robertson County Emergency Communications District  
(A Component Unit)  
Notes to Financial Statements**

**Note 10 – Retirement Plan (continued)**

**ANNUAL PENSION COST (continued)**

the effect of short-term volatility in the market value of total investments over a five-year period. Robertson County 911 Emergency Communications District's unfunded actuarial 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**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$11,561	100.00%	\$0.00
June 30, 2008	\$10,618	100.00%	\$0.00
June 30, 2007	\$10,112	100.00%	\$0.00

**FUNDED STATUS AND FUNDING PROGRESS**

As of July 1, 2007, the most recent actuarial valuation date, the plan was 73.61 percent funded. The actuarial accrued liability for benefits was \$0.14 million, and the actuarial value of assets was \$0.10 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.04 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 37.62 percent.

The schedules of funding progress present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

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)

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Plan Assets (a)</i>	<i>Actuarial Accrued Liability (AAL) -Entry Age (b)</i>	<i>Unfunded AAL (UAAL) (b) – (a)</i>	<i>Funded Ratio (a/b)</i>	<i>Covered Payroll (c)</i>	<i>UAAL as a Percentage Of Covered Payroll ((b-a)/c)</i>
July 1, 2007	\$106	\$144	\$38	73.61%	\$101	37.62%

**Robertson County Emergency Communications District  
(A Component Unit)  
Notes to Financial Statements**

**Note 10 – Retirement Plan (continued)**

**FUNDED STATUS AND FUNDING PROGRESS (continued)**

Schedule of Funding Progress for Robertson County 911 Emergency Communications District

(Dollar amounts in thousands)

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Plan Assets</i>	<i>Actuarial Accrued Liability (AAL) Entry Age</i>	<i>Unfunded AAL (UAAL)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>UAAL as a Percentage of Covered Payroll</i>
	<u>(a)</u>	<u>(b)</u>	<u>(b)-(a)</u>	<u>(a/b)</u>	<u>(c)</u>	<u>((b-a)/c)</u>
7/1/2007	\$106	\$144	\$38	73.41%	\$101	37.62%

**Note 11 – Long-Term Debt, Commitments and Subsequent Events**

On June 24, 2009, the District issued Revenue Bonds to finance the construction of a new communications center and upgrades to the current communications equipment. The bonds are secured by pledge of the first revenues derived from the operations of the District as required by the bond issue documents. The District is required to maintain their rates sufficient to cover: 1. 100% of current expenses 2. 100% of the debt service coming due in the following year (except for the final maturity year) 3. Required payments into the reserve fund and 4. An amount adequate to meet the costs of major renewals, replacements, repairs, additions, betterment and improvements to the communications system.

The bonds were issued at a rate of 4.47% with balloon payment due on April 1, 2017. However, the bond issue documents indicate that the District intends to refinance these bonds at that time for an additional 12 years.

Annual debt service requirements to maturity for the revenue bonds are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6/30/10	\$100,000	\$103,183	\$203,183
6/30/11	100,000	129,630	229,630
6/30/12	105,000	125,160	230,160
6/30/13	110,000	120,466	230,466
6/30/14	115,000	115,550	230,550
6/30/15-6/30/17	2,470,000	314,914	2,784,914
Total	<u>\$3,000,000</u>	<u>\$908,903</u>	<u>\$3,908,903</u>

**Robertson County Emergency Communications District  
(A Component Unit)  
Notes to Financial Statements**

**Note 11 – Long-Term Debt, Commitments and Subsequent Event-continued**

Long-Term debt for the year ended 06/30/2009 is as follows:

	<u>6/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/09</u>	<u>Due Within One Year</u>
Revenue Bonds	\$ 0	3,000,000	0	\$3,000,000	\$100,000
Compensated Absences	18,462	2,336	0	20,798	0
<b>Total</b>	<u>\$18,462</u>	<u>3,002,336</u>	<u>0</u>	<u>3,020,798</u>	<u>\$100,000</u>

The total interest incurred on these liabilities for the year ending 06/30/2009 was -0-.

As required by the bond issue documents \$230,000 has been set aside in a separate account for the principal payment on these bonds. See Note 7.

Subsequent to year end, the District entered into a contract for the construction of the building in the amount of \$2,707,500.

***End of Notes***

SUPPLEMENTARY INFORMATION  
AND  
SCHEDULES

**Robertson County Emergency Communications District**  
**(A Component Unit)**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2009**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE OVER (UNDER)
<b>Operating Revenues</b>				
Emergency Telephone Service Charge	\$ 499,820	\$ 494,820	508,857	\$ 14,037
Tennessee Emergency Communications Board - Shared Wireless Charge	103,525	103,525	141,667	38,142
Tennessee Emergency Communications Board - Operational Funding	-	320,000	140,048	(179,952)
<b>Total Operating Revenues</b>	<b>603,345</b>	<b>918,345</b>	<b>790,572</b>	<b>(127,773)</b>
<b>Operating Expenses</b>				
<b>Salaries and Wages</b>				
Director	45,292	45,292	45,282	(10)
Administrative Personnel	64,351	66,415	66,414	(1)
Part-time Personnel	2,500	2,500	2,299	(201)
Vacation/Sick Pay	13,500	13,500	2,336	(11,164)
<b>Total Salaries and Wages</b>	<b>125,643</b>	<b>127,707</b>	<b>116,331</b>	<b>(11,376)</b>
<b>Employee Benefits</b>				
Social Security	7,250	7,250	6,709	(541)
Medicare	1,695	1,695	1,569	(126)
Medical Insurance	17,601	18,790	18,789	(1)
Retirement Contributions	11,565	11,565	11,561	(4)
<b>Total Employee Benefits</b>	<b>38,111</b>	<b>39,300</b>	<b>38,628</b>	<b>(672)</b>
<b>Contracted Services</b>				
Advertising	7,500	7,500	4,054	(3,446)
Audit Services	6,000	7,000	6,888	(112)
Accounting Services	9,335	9,494	9,494	-
Administrative Fees-Service Charge	15,320	11,320	11,243	(77)
Legal Services	8,500	8,500	6,075	(2,425)
Maintenance Agreements	9,000	9,000	1,691	(7,309)
Pest Control	-	-	-	-
Maintenance and Repairs - Communication Equipment	32,500	32,500	21,948	(10,552)
Maintenance and Repairs - Vehicles	2,625	2,625	533	(2,092)
Fuel - Vehicles	7,000	6,900	496	(6,404)
Fees Paid to Service Providers - Communication	142,250	138,838	90,859	(47,979)
<b>Total Contracted Services</b>	<b>\$ 240,030</b>	<b>\$ 233,677</b>	<b>\$ 153,281</b>	<b>\$ (80,396)</b>
<b>Supplies and Materials</b>				
Office Supplies	\$ 15,500	\$ 15,500	5,563	\$ (9,937)
Custodial Supplies	250	250	36	(214)
Postal Charges	1,000	1,000	333	(667)
Small Equipment Purchases	6,077	6,077	742	(5,335)
Uniforms and Shirts	1,500	1,600	1,526	(74)
Utilities	2,500	2,500	1,800	(700)
<b>Total Supplies and Materials</b>	<b>26,827</b>	<b>26,927</b>	<b>10,000</b>	<b>(16,927)</b>

**Robertson County Emergency Communications District**  
**(A Component Unit)**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2009**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE OVER (UNDER)
Operating Expenses (continued)				
Other Charges				
Dues and Memberships	\$ 3,000	\$ 3,000	\$ 1,028	\$ (1,972)
Insurance - Workers Compensation	1,300	1,300	823	(477)
Insurance - Liability	7,575	14,075	8,506	(5,569)
Legal Notices	250	250	101	(149)
Total Contracted Services	<u>12,125</u>	<u>18,625</u>	<u>10,458</u>	<u>(8,167)</u>
Depreciation Expense	173,179	173,179	105,502	(67,677)
Total Operating Expenses	<u>615,915</u>	<u>619,415</u>	<u>434,200</u>	<u>(185,215)</u>
Operating Income (Loss)	(12,570)	298,930	356,372	57,442
Nonoperating Revenues and (Expenses)				
Interest Income	330,041	15,041	16,284	1,243
Tennessee Emergency Communications Board - Grants and Reimbursements	-	-	164,575	164,575
Total Non-Operating Revenues and (Expense)	<u>330,041</u>	<u>15,041</u>	<u>180,859</u>	<u>165,818</u>
Income before Capital Contribution	317,472	313,971	537,231	223,260
Capital Contributions				
Capital Contributions from Primary Government	-	-	270,000	270,000
Total Capital Contributions	<u>-</u>	<u>-</u>	<u>270,000</u>	<u>270,000</u>
Increase (Decrease) in Net Assets	317,472	313,971	807,231	493,260
Net Assets, Beginning of Year	<u>1,686,544</u>	<u>1,686,544</u>	<u>1,686,544</u>	<u>1,686,544</u>
Net Assets, End of Year	<u>\$ 2,004,016</u>	<u>\$ 2,000,515</u>	<u>\$ 2,493,775</u>	<u>\$ 2,179,804</u>

**Robertson County Emergency Communications District  
(A Component Unit)  
Schedule of Information Required by the  
Tennessee Emergency Communications Board  
June 30, 2009**

1. There are two Public Safety Answering Points.
2. One Public Safety Answering Point with five consoles is located at the following:

Robertson County Sheriff's Office  
Central Dispatch  
507 South Brown Street  
Springfield, TN 37172

One Public Safety Answering Point with three consoles is located at the following:

Springfield Police Department  
802 South Willow  
Springfield, TN 37172

3. The Public Service Answering Points use Positron Equipment by AT&T, formerly known as BellSouth. The Data Base is a computer aided dispatch system by Archonix software.
4. Chairman of the Robertson County Emergency Communications Board can be located at the following:

Jackie W. Wilkerson  
1305 Hill Street  
Springfield, TN 37172  
Phone (615) 384-2186  
Fax (615) 384-1293  
[jwilkerson@robertsonems.org](mailto:jwilkerson@robertsonems.org)

5. The Officer Administrator/ Manager of the Robertson County Emergency Communications District can be located at the following:

Cathy C. Lowe  
517 South Brown Street  
Springfield, TN 37172  
Phone (615) 384-0099  
Fax (615) 384-9379  
[robts911@bellsouth.net](mailto:robts911@bellsouth.net)

Robertson County Emergency Communications District  
 (A Component Unit)  
 Schedule of Insurance in Force  
 For the Year Ended June 30, 2009

Type of Coverage	Policy Number	Policy Expiration	Details of Coverage	Deductible	Limits	Estimated Annual Premium
Liability:						
	TR2060884	12/15/2009	General Liability		\$1,000,000/\$3,000,000 Aggregate	\$568
	TR2060884	12/15/2009	Auto Liability	N/A	\$1,000,000 Combined Single Limit	\$679
	TR2060884	12/15/2009	Management Liability	N/A	\$1,000,000/\$3,000,000 Aggregate	\$423
Commercial Property:						
	TR2060884	12/15/2009	Property	\$250	Schedule available upon request	\$10,322
	TR2060884	12/15/2009	Blanket Portable Equipment	\$250	Unlimited - Blanket	\$270
Bonds:						
Gena Ellis	NDBFG6558	6/5/2012	Public Official Bond		\$66,000	\$422 (eff 6-5-09 to 6-5-12)
Edith Perry	NDBFG6559	6/5/2010	Public Official Bond		\$66,000	\$264
Cathy Lowe	NDBDQ4287	6/5/2013	Public Official Bond		\$66,000	\$634 (eff 6-5-09 to 6-5-13)
Gwendolous Martin	NDBDQ4145	6/5/2013	Public Official Bond		\$66,000	\$634 (eff 6-5-09 to 6-5-13)
Automobile Physical Damage	CM1056761	12/15/2009	Comprehensive and Collision	\$250	Actual Cash Value	\$375

**Robertson County Emergency Communications District  
(A Component Unit)  
Exhibit 1 - Schedule of Salaries and Wages  
For the Year Ended June 30, 2009**

Director	\$	45,282
Administrative Personnel		66,414
Part-time Personnel		2,299
Vacation/Sick Pay		<u>2,336</u>
Total Salaries and Wages	\$	<u>116,331</u>

**Robertson County Emergency Communications District  
(A Component Unit)  
Exhibit 2 - Schedule of Employee Benefits  
For the Year Ended June 30, 2009**

Social Security	\$	6,709
Medicare		1,569
Medical Insurance		18,789
Retirement Contributions		11,561
Total Employee Benefits	\$	<u>38,628</u>

**Robertson County Emergency Communications District**  
**(A Component Unit)**  
**Exhibit 3 - Schedule of Contracted Services**  
**For the Year Ended June 30, 2009**

Advertising	\$ 4,054
Audit Services	6,888
Accounting Services	9,494
Administrative Fees-Service Charge	11,243
Legal Services	6,075
Maintenance Agreements	1,691
Maintenance and Repairs - Communications Equipment	21,948
Maintenance and Repairs - Vehicles	533
Fuel - Vehicles	496
Fees Paid to Service Providers - Communication	90,859
Total Contracted Services	<u>\$ 153,281</u>

**Robertson County Emergency Communications District  
(A Component Unit)**

**Exhibit 4 - Schedule of Supplies and Materials  
For the Year Ended June 30, 2009**

Office Supplies	\$	5,563
Custodial Supplies		36
Postal Charges		333
Small Equipment Purchases		742
Uniforms and Shirts		1,526
Utilities (see Note 3)		1,800
Total Supplies and Materials	\$	<u>10,000</u>

**Robertson County Emergency Communications District**  
**(A Component Unit)**  
**Exhibit 5 - Schedule of Other Charges**  
**For the Year Ended June 30, 2009**

Dues and Memberships	\$ 1,028
Insurance - Workers Compensation	823
Insurance - Liability	8,506
Legal Notices	<u>101</u>
Total Other Charges	<u>\$ 10,458</u>

# *Gillette, Henderson & Co., PLLC*

CERTIFIED PUBLIC ACCOUNTANTS

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## 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

February 15, 2010

To the Board of Directors  
Robertson County Emergency Communications District  
Springfield, TN 37172

We have audited the basic financial statements of Robertson County Emergency Communications District ("The District" - a component unit of Robertson County) as of and for the year ended June 30, 2009 and have issued our report thereon dated February 15, 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 opinions 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 Robertson County Emergency Communication 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 over financial reporting 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 deficiencies described in the accompanying schedule of findings and

responses to be significant deficiencies in internal control over financial reporting: Findings 2009-1 and 2009-2.

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 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, of the significant deficiencies described above, we consider items 2009-1 and 2009-2 to be material weaknesses.

### **Compliance 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Robertson County Emergency Communication District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. 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 management of Robertson County Emergency Communications District, the Tennessee Emergency Communications Board, Tennessee State Comptroller's Office and other regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

*Gillette, Henderson & Co., PLLC*

Gillette, Henderson & Co., PLLC  
Hermitage, Tennessee

**Roberson County Emergency Communications District  
(A Component Unit)  
Schedule of Findings and Responses  
June 30, 2009**

**Finding 2009-1 Accuracy of Fixed Asset Records-repeat finding**

*Condition:* There is a lack of internal control in the area of fixed assets. During the year under audit a material transaction involving donated land was not recorded, nor were material bond issue costs capitalized. Also, fixed asset line items are not being classified in the accounting records in accordance with the Unified Chart of Accounts as prescribed in the Accounting and Financial Reporting Manual.

*Criteria:* Enterprise funds must identify, document and capitalize capital assets and maintain a corresponding depreciation schedule with appropriate lives and methods in order to have complete and accurate financial statements. All Districts are also required to classify financial line items in accordance with the prescribed Unified Chart of Accounts. Controls should be in place to insure that all such costs are capitalized and depreciated appropriately and that the financial records are presented according to the Unified Chart of Accounts

*Effect:* In this instance, a material transaction for donated land was not recorded. Also, material bond issue costs were expensed rather than capitalized. Both transactions materially distorted the interim financial statements of the entity. If interim financial statements are materially distorted, management cannot make informed financial decisions. This also indicates that the fixed asset records are not being examined on a regular basis to insure accuracy.

*Recommendation:* Because a large construction project is imminent, we recommend that controls be put in place to insure that the fixed asset records, including the depreciation schedule, be reviewed and verified regularly. The examination should be conducted at an appropriate level of management to insure that all material errors can be identified and corrected in a timely manner. The examination should also insure that the depreciable lives, depreciation methods, the dates-in-service and the depreciable basis of capital assets as recorded on the depreciation schedule are appropriate. Finally, it should insure that all retirements of fixed asset are recorded timely and appropriately. We also recommend that the chart of accounts be amended to allow for appropriate classification of the fixed asset account in accordance with the Unified Chart of Accounts.

*Management's Response:* The tract of land was donated by the City of Springfield and the deed was recorded in March 13, 2009. This was recorded by one of the Robertson County Board members as a gift to the board. The deed was never received in the Robertson County Finance office, so therefore it was not included in the fixed assets for the year ending 2009. The Robertson County Finance office has received a copy of the deed and also will add to Fixed Assets in current FY 2010.

**Roberson County Emergency Communications District**  
**(A Component Unit)**  
**Schedule of Findings and Responses-continued**  
**June 30, 2009**

**Finding 2009-2 Management Oversight of Financial Reporting**

*Condition:* We noted a control deficiency in management's oversight of receivables. A material journal entry was required for the District's accounts receivable and revenues to be presented in conformity with generally accepted accounting principles.

*Criteria:* The Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts requires enterprise funds to be reported using the accrual basis of accounting. This requires revenues to be recognized and reported when they are earned rather than when they are received.

*Effect:* The lack of internal controls over the financial reporting of receivables caused the amount of receivables and revenues presented for audit to be understated by a material amount.

*Recommendation:* We recommend that management establish control procedures to insure that all revenues and receivables, particularly those from the State of Tennessee that lag far behind the year end closing of the District, be recorded in the accounting records presented for audit. (An estimate based on the trends of other months is an acceptable method of recording these receivables.) The finance department may also consider a consultation with the 911 coordinator or board of directors to insure that any unusual or non-recurring amounts earned for the audit year have been recorded. Finally, deposits for months subsequent to the year end of the District could be closely monitored. This will allow the finance department an opportunity to present the auditors with a proposed journal entry for additional revenues and receivables if exact amounts or reasonable estimates cannot be determined and recorded prior to the year end closing of the District.

*Management's Response:* In July, the district's coordinator will contact the TN. Emergency Communications Board regarding wireless revenue to obtain the distribution dollar amount for all the months through May & June. This would also be done with the Operational Funding amounts received from the TECB throughout the audit year. Once the dollar amount through June is obtained (along with any funding revenue due E-911), this information will be given to the accountant at the Robertson Co. Finance Office to set up receivables.