

**Robertson County Emergency
Communications District
(A Component Unit)
Financial Statements
June 30, 2012**

**Robertson County Emergency Communications District
(A Component Unit)
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**Robertson County Emergency Communications District
(A Component Unit)
Board of Directors
June 30, 2012**

Name

Kathy Spears, Chairman
PO Box 727
Ridgetop, TN 37152

Bruce Dean, Vice-Chairman
2201 Memorial Blvd
Springfield, TN 37172

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

Russell Gupton, Member
1305 Hill St
Springfield, TN 37172

RL Douglas, Member
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Ron Gallagher, Member
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Nancy Johnson, Member
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Gillette, Henderson & Co., PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2012, 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, 2012, 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 January 11, 2013, 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, contracts 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 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 18-19 and 21-25 is presented for purposes of additional analysis as required by the **Accounting and Financial Reposting 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 18-19 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 Insurance in force on page 20, and the Schedule of Disposition of Bond Proceeds on page 26 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
January 11, 2013

Robertson County Emergency Communications District
(A Component Unit)
Statement of Net Assets
June 30, 2012

ASSETS

Current Assets	
Cash	\$ 207,389
Investments	693,840
Accounts Receivable	22,670
Due from Tennessee Emergency Communications Board	65,564
Prepaid Expenses	26,737
Total Current Assets	<u>1,016,200</u>
Noncurrent Assets	
Restricted Assets - Restricted Cash and Investments	<u>244,275</u>
Total Noncurrent Assets	<u>244,275</u>
Capital Assets	
Land	270,000
Building and Improvements	2,812,156
Furniture and Fixtures	92,392
Office Equipment	3,937
Communications Equipment	1,115,394
Vehicles	21,207
Total Property and Equipment	<u>4,315,086</u>
Accumulated Depreciation	<u>(433,357)</u>
Net Property and Equipment	<u>3,881,729</u>
Other Assets	
Bond Issue Costs	32,854
Less: A/A Bond Issue Costs	<u>(12,717)</u>
Total Other Assets	<u>20,137</u>
Total Assets	<u>\$ 5,162,341</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Compensated Absences Payable	\$ 27,298
Bonds Payable - Current	<u>110,000</u>
Total Current Liabilities	<u>137,298</u>
Noncurrent Liabilities	
Bonds Payable - Long Term	<u>2,585,000</u>
Total Noncurrent Liabilities	<u>2,585,000</u>
Total Liabilities	<u>2,722,298</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	1,186,729
Restricted for Debt Retirement, Net of Related Debt	230,550
Unrestricted Net Assets	<u>1,022,764</u>
Total Net Assets	<u>2,440,043</u>
Total Liabilities and Net Assets	<u>\$ 5,162,341</u>

**Robertson County Emergency Communications District
(A Component Unit)
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2012**

Operating Revenue	
Emergency Telephone Service Charge	\$ 413,490
Tennessee Emergency Communications Board - Shared Wireless Charge	155,363
Tennessee Emergency Communications Board - Operational Funding	188,885
Total Operating Revenues	<u>757,738</u>
Operating Expenses	
Salaries and Wages (see Exhibit 1)	184,496
Employee Benefits (see Exhibit 2)	57,511
Contracted Services (see Exhibit 3)	188,489
Supplies and Materials (see Exhibit 4)	40,124
Other Charges (see Exhibit 5)	42,656
Depreciation and Amortization	198,472
Total Operating Expenses	<u>711,748</u>
Operating Income (Loss)	<u>45,990</u>
Nonoperating Revenues and (Expenses)	
Gain (Loss) on Disposal of Assets	2,542
Interest Income	9,925
Interest Expense	(125,160)
Misc Income	4,030
Tennessee Emergency Communications Board - Grants and Reimbursements	70,187
Total Nonoperating Revenues and (Expenses)	<u>(38,476)</u>
Increase (Decrease) in Net Assets	7,514
Net Assets, Beginning of Year	2,765,791
Prior Period Adjustment	(333,262)
Net Assets, End of Year	<u>\$ 2,440,043</u>

Robertson County Emergency Communications District
(A Component Unit)
Statement of Cash Flows - Direct Method
For the Year Ended June 30, 2012

Cash Flows From Operating Activities

Cash Received from Surcharges and Other Revenues	\$ 749,880
Cash Paid to Suppliers for Goods and Services	(277,370)
Cash Paid for Payroll, Taxes and Related Benefits	<u>(239,626)</u>
Net Cash Provided (Used) by Operating Activities	<u>232,884</u>

Cash Flows From Noncapital Financing Activities

Grants/Reimbursements TECB	<u>70,187</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>70,187</u>

Cash Flows From Capital and Related Financing Activities

Misc Income	4,030
Proceeds from disposal of property	2,534
Interest paid	(125,160)
Repayment of Bonds	(105,000)
Purchases of fixed assets	<u>(79,477)</u>
Net Cash Provided (Used) by Capital and Related Financing	<u>(303,073)</u>

Cash Flows From Investing Activities

Interest Received	9,925
Reinvested interest earned on investments	<u>(9,925)</u>
Net Cash Provided (Used) by Investing Activities	<u>(200)</u>

Net Increase (Decrease) In Cash (202)

Cash at Beginning of Year 207,591

Cash at End of Year \$ 207,389

**Robertson County Emergency Communications District
(A Component Unit)
Statement of Cash Flows - Direct Method
For the Year Ended June 30, 2012**

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

Net income (loss) from Operations	\$ 45,990
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities	
Depreciation	194,233
Amortization of intangible assets	4,239
(Increase) decrease in accounts receivable	(7,858)
(Increase) decrease in prepaid assets	(5,763)
Increase (decrease) in accounts payable	(337)
Increase (decrease) in accrued absences	2,380
Total adjustments	<u>186,894</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 232,884</u>

Supplemental Disclosures

Cash Paid During the Year for:

Cash Paid for Interest	\$ 125,160
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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. Because the restricted cash reported is not available for general operations and is excluded from current assets, we have not included it in cash and cash equivalents.

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 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, 2012. 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.

Per TCA Section 7-86-120, the Board is legally required to adopt and operate under an annual budget. All monies received and expended by the district must be included in the budget. The district cannot expend any monies regardless of source except in

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

Note 1 - Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

accordance with the legally adopted budget. Budgetary control for emergency communication districts is legally set at the line-item level.

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, 2012, 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 and sewer. 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 \$8,444 which is paid to the Robertson County Finance office for accounting services.

Note 4 – Noncash Investing and Financing Transactions

For the year ending June 30, 2012, there were no non-cash transactions.

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

Note 5 - Cash Deposits and Investments

The District's deposits with financial institutions consist of the following at June 30, 2012:

	Maturity Date	Interest Rate	Carrying Amount	Bank Balance
Cash				
Checking	n/a		\$ 207,389	\$ 234,151
			<u>\$ 207,389</u>	<u>\$ 234,151</u>
Temporary Investments				
Certificate of Deposit - 5690	11/18/2012	0.75%	\$ 104,570	\$ 104,570
Certificate of Deposit - 9005	10/3/2012	9.50%	244,275	244,275
Certificate of Deposit - 5394	10/14/2012	0.90%	26,589	26,589
Certificate of Deposit - 2186	6/6/2013	0.70%	110,938	110,938
Certificate of Deposit - 2144	5/16/2013	0.70%	107,482	107,482
Certificate of Deposit - 1497	9/27/2012	1.60%	34,413	34,413
Certificate of Deposit - 1643	9/22/2012	1.00%	52,373	52,373
Certificate of Deposit - 1510	10/14/2012	0.75%	202,674	209,915
Certificate of Deposit - 1693	10/25/2012	0.10%	54,801	54,801
			<u>\$ 938,115</u>	<u>\$ 945,356</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, 2012, 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.

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

Note 6 – 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 Debt Service	\$ -	\$ 244,275	\$ 244,275
Total	<u>\$ -</u>	<u>\$ 244,275</u>	<u>\$ 244,275</u>

Note 7 – Property and Equipment

Property and Equipment consisted of the following at June 30, 2012:

	Balance 6/30/2011	Additions	Deletions	Balance 6/30/2012
Land	\$ 270,000	\$ -	\$ -	\$ 270,000
	-			
Building and Improvements	2,803,656	8,500	-	2,812,156
A/D-Building and Improvements	(65,099)	(70,144)	-	(135,243)
Furniture and Fixtures	89,028	3,364	-	92,392
A/D-Furniture and Fixtures	(18,067)	(9,358)	-	(27,425)
Office Equipment	3,937	-	-	3,937
A/D-Office Equipment	(1,788)	(425)	-	(2,213)
Communications Equipment	1,047,781	67,613	-	1,115,394
A/D-Communications Equipment	(142,683)	(112,185)	-	(254,868)
Vehicles	21,207	-	-	21,207
A/D-Vehicles	(11,487)	(2,121)	-	(13,608)
Net Property and Equipment	<u>\$ 3,996,485</u>	<u>\$ (114,756)</u>	<u>\$ -</u>	<u>\$ 3,881,729</u>

Assets are valued at cost of purchase and depreciated using the straight-line method over their useful lives.

Balances for the year ending June 30, 2011 have been adjusted for a prior period adjustment. See Note 11.

Note 8 – 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.

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

Note 9 – 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 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, 2012 was 10.78% 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, 2012, Robertson County 911 Emergency Communications District's annual pension cost of \$18,162 to TCRS was equal to Robertson County 911

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

Note 9 – Retirement Plan (continued)

ANNUAL PENSION COST (continued)

Emergency Communications District's required and actual contributions. The required contribution was determined as part of the July 1, 2009 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 3.0 percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the social security wage base, and (e) projected post retirement increases of 2.5 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 ten-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, 2009 was 11 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 18,162	100%	\$ 0
June 30, 2011	\$ 16,100	100%	\$ 0
June 30, 2010	\$ 18,162	100%	\$ 0

FUNDED STATUS AND FUNDING PROGRESS

As of July 1, 2011, the most recent actuarial valuation date, the plan was 84.37 percent funded. The actuarial accrued liability for benefits was \$0.2 million, and the actuarial value of assets was \$0.20 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 \$0.17 million, and the ratio of the UAAL to the covered payroll was 22.03 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,

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

Note 9 – Retirement Plan (continued)

FUNDED STATUS AND FUNDING PROGRESS (continued)

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 Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2011	\$ 200	\$ 238	\$ 37	84.37%	\$ 168	22.03%
July 1, 2009	\$ 132	\$ 134	\$ 1	98.95%	\$ 112	1.26%
July 1, 2007	\$ 106	\$ 107	\$ 1	99.07%	\$ 101	0.99%

Note 10 – Long-Term Debt and Commitments

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>
6/30/2013	110,000	120,466	230,466
6/30/2014	115,000	115,550	230,550
6/30/2015	120,000	110,409	230,409
6/30/2016	125,000	105,046	230,046
6/30/2017	2,225,000	99,458	2,324,458
Total	<u>\$ 2,695,000</u>	<u>\$ 550,929</u>	<u>\$ 3,245,929</u>

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

Note 10 – Long-Term Debt and Commitments-continued

Long-Term debt for the year ended June 30, 2012 is as follows:

	<u>6/30/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2012</u>	<u>Due Within One Year</u>
Revenue Bonds	\$ 2,800,000	\$ -	\$ (105,000)	\$ 2,695,000	\$ 110,000
Total	<u>\$ 2,800,000</u>	<u>\$ -</u>	<u>\$ (105,000)</u>	<u>\$ 2,695,000</u>	<u>\$ 110,000</u>

The total interest incurred on these liabilities for the year ending June 30, 2012 was \$125,160.

As required by the bond issue documents \$244,275 has been set aside in a separate account for the principal payment on these bonds. See Note 6.

Note 11 – Prior Period Adjustment – Impaired Asset

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified.

In the year ending June 30, 2012, the District conducted an impairment evaluation which resulted in the discovery of long-lived assets that were impaired at June 30, 2011 due to a change in regulatory requirements for their communications equipment.

A prior period adjustment was recorded to recognize the impairment loss on these assets in the year ending June 30, 2011. See Note 7.

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

Note 11 – Prior Period Adjustment – Impaired Asset - continued

	Balance	Prior Period Adjustment		Adj Balance
	6/30/2011	Additions	Deletions	6/30/2011
Land	\$ 270,000	-	-	\$ 270,000
Building and Improvements	2,803,656	-	-	2,803,656
A/D-Building and Improvements	(65,099)	-	-	(65,099)
Furniture and Fixtures	179,038	-	(90,010)	89,028
A/D-Furniture and Fixtures	(78,932)	-	60,865	(18,067)
Office Equipment	3,937	-	-	3,937
A/D-Office Equipment	(1,788)	-	-	(1,788)
Communications Equipment	1,950,401	-	(902,620)	1,047,781
A/D-Communications Equipment	(741,186)	-	598,503	(142,683)
Vehicles	21,207	-	-	21,207
A/D-Vehicles	(11,487)	-	-	(11,487)
Net Property and Equipment	\$ 4,329,747	\$ -	\$ (333,262)	\$ 3,996,485

Note 12 – Subsequent Events

Subsequent to year end, the District purchased equipment to upgrade its NG911 system to the specifications of the Tennessee Emergency Communications Board. As of October 2012, the District was approved to be completely reimbursed for this equipment in the amount of \$333,231.

Subsequent events have been evaluated through January 11, 2013.

End of Notes

SUPPLEMENTARY INFORMATION
AND
SCHEDULES

Robertson County Emergency Communications District
(A Component Unit)
Budgetary Comparison Schedule (GAAP Basis)
For the Year Ended June 30, 2012

	ORIGINAL BUDGET (Accrual)	AMENDED BUDGET (Accrual)	ACTUAL	VARIANCE OVER (UNDER)
Operating Revenues				
Emergency Telephone Service Charge	\$ 400,000	\$ 400,000	\$ 413,490	\$ 13,490
TECB - Shared Wireless Charge	158,000	158,000	155,363	(2,637)
TECB - Operational Funding	220,325	220,325	188,885	(31,440)
Total Operating Revenues	778,325	778,325	757,738	(20,587)
Operating Expenses				
Salaries and Wages				
Director	46,670	46,670	46,654	(16)
Administrative Personnel	125,862	125,862	121,826	(4,036)
Part-time Personnel	12,000	13,636	13,636	(0)
Vacation/Sick Pay	2,000	2,000	2,380	380
Total Salaries and Wages	186,532	188,168	184,496	(3,672)
Employee Benefits				
Social Security	11,225	11,225	10,385	(840)
Retirement Contributions	18,170	18,170	18,162	(8)
Medicare	2,750	2,750	2,429	(321)
Medical Insurance	27,180	27,180	26,535	(645)
Total Employee Benefits	59,325	59,325	57,511	(1,814)
Contracted Services				
Accounting Services	9,000	9,000	8,444	(556)
Administrative Fees-Service Charge	18,000	18,000	17,542	(458)
Advertising	3,500	3,500	113	(3,387)
Audit Services	6,750	16,750	16,750	-
Consultants	5,000	5,000	-	(5,000)
Data Processing Services	25,000	25,000	7,105	(17,895)
Disposal Fees	2,000	2,000	800	(1,200)
Fuel - Vehicles	2,000	2,000	302	(1,698)
Fees Paid to Service Providers - Communication	100,000	81,563	53,493	(28,070)
Legal Services	3,000	3,000	107	(2,893)
Maintenance Agreements	2,500	4,614	31,128	26,514
Maintenance and Repairs - Buildings	5,000	5,000	3,371	(1,629)
Maintenance and Repairs - Communication Equipment	50,500	50,500	41,184	(9,316)
Maintenance and Repairs - Vehicles	3,000	3,000	-	(3,000)
Pest Control	600	600	540	(60)
Other Contracted Services	6,000	6,000	5,935	(65)
Diesel Fuel	-	2,000	1,675	(325)
Total Contracted Services	\$ 241,850	\$ 237,527	\$ 188,489	\$ (49,038)

**Robertson County Emergency Communications District
(A Component Unit)
Budgetary Comparison Schedule (GAAP Basis) - Continued
For the Year Ended June 30, 2012**

	ORIGINAL BUDGET (Accrual)	AMENDED BUDGET (Accrual)	ACTUAL	VARIANCE OVER (UNDER)
Supplies and Materials				
Office Supplies	\$ 8,000	\$ 12,389	\$ 10,316	\$ (2,073)
Custodial Supplies	1,600	1,817	1,817	(0)
Data Processing Supplies	8,000	3,500	-	(3,500)
Duplicating Supplies	1,000	1,000	-	(1,000)
Postal Charges	500	606	606	0
Small Equipment Purchases	7,600	7,600	3,817	(3,783)
Uniforms and Shirts	4,500	4,500	3,335	(1,165)
Utilities	24,000	24,000	20,233	(3,767)
Total Supplies and Materials	<u>55,200</u>	<u>55,412</u>	<u>40,124</u>	<u>(15,288)</u>
Other Charges				
Dues and Memberships	1,500	1,500	317	(1,183)
Janatorial Services	10,000	10,000	5,760	(4,240)
Building and Content Insurance	25,000	25,000	23,221	(1,779)
Insurance - Workers Compensation	2,000	2,000	882	(1,118)
Insurance - Liability	15,500	15,500	1,495	(14,005)
Legal Notices	1,500	1,500	-	(1,500)
Licenses	500	2,975	2,975	-
Training Expenses	28,000	28,000	7,625	(20,375)
Travel Expenses	3,000	3,000	381	(2,619)
Employee Testing and Exams	500	500	-	(500)
Board Meeting Expenses	500	500	-	(500)
Total Other Charges	<u>88,000</u>	<u>90,475</u>	<u>42,656</u>	<u>(47,819)</u>
Depreciation and Amortization Expense	277,512	277,512	198,472	(79,040)
Total Operating Expenses	<u>908,419</u>	<u>908,419</u>	<u>711,748</u>	<u>(196,671)</u>
Operating Income (Loss)	\$ (130,094)	\$ (130,094)	\$ 45,990	\$ 176,084
Nonoperating Revenues				
Misc Income	-	-	4,030	4,030
Proceeds from Disposal of Property	-	-	2,542	2,542
Interest Income	\$ 4,000	\$ 4,000	\$ 9,925	\$ 5,925
TECB - Grants and Reimbursements	58,000	58,000	70,187	12,187
Total Nonoperating Revenues	<u>62,000</u>	<u>62,000</u>	<u>86,684</u>	<u>24,684</u>
Nonoperating Expenses				
Interest Expense	(125,160)	(125,160)	(125,160)	-
Total Nonoperating Expenses	<u>(125,160)</u>	<u>(125,160)</u>	<u>(125,160)</u>	<u>-</u>
Total Non-Operating Revenues and Expenses	<u>(63,160)</u>	<u>(63,160)</u>	<u>(38,476)</u>	<u>24,684</u>
Increase (Decrease) in Net Assets	(193,254)	(193,254)	7,514	<u>200,768</u>
Net Assets, Beginning of Year	2,765,792	2,765,792	2,765,791	
Prior Period Adjustment			(333,262)	
Net Assets, End of Year	<u>\$ 2,572,538</u>	<u>\$ 2,572,538</u>	<u>\$ 2,440,043</u>	

**Robertson County Emergency Communications District
(A Component Unit)
Schedule of Insurance in Force
For the Year Ended June 30, 2012**

<u>Type of Coverage</u>	<u>Policy Number</u>	<u>Policy Expiration</u>	<u>Details of Coverage</u>	<u>Deductible</u>	<u>Limits</u>	<u>Estimated Annual Premium</u>
Liability:	TR2060884	12/15/2012	General Liability		\$1,000,000/\$3,000,000 Aggregate	\$437
	CM1056761	12/15/2012	Auto Liability	N/A	\$1,000,000 Combined Single Limit	\$689
	TR2060884	12/15/2012	Management Liability	N/A	\$1,000,000/\$3,000,000 Aggregate	\$422
Commercial Property:	TR2060884	12/15/2012	Property	\$250	\$3,450,304 Real Property Limit	\$22,713
	TR2060884	12/15/2012	Blanket Portable Equipment	\$250	Unlimited - Blanket	\$193
Bonds:						
Gena Ellis	NDBFG6558	6/5/2012	Public Official Bond		\$73,600	\$461
Edith Perry	70935389	6/5/2014	Public Official Bond		\$73,600	\$864
Cathy Lowe	NDBDQ4287	6/5/2013	Public Official Bond		\$73,600	\$697
Gwendolous Martin	NDBDQ4145	6/5/2013	Public Official Bond		\$73,600	\$698
Automobile Physical Damage	CM1056761	12/15/2012	Comprehensive and Collision	\$250	Actual Cash Value	\$328

**Robertson County Emergency Communications District
(A Component Unit)
Exhibit 1 - Schedule of Salaries and Wages
For the Year Ended June 30, 2012**

911 Coordinator	\$	46,654
Administrative Personnel		121,826
Part-time Personnel		13,636
Vacation/Sick Pay		2,380
Total Salaries and Wages	<u>\$</u>	<u>184,496</u>

**Robertson County Emergency Communications District
(A Component Unit)
Exhibit 2 - Schedule of Employee Benefits
For the Year Ended June 30, 2012**

Social Security	\$	10,385
Retirement Contributions		18,162
Medicare		2,429
Medical Insurance		26,535
Total Employee Benefits	\$	<u>57,511</u>

**Robertson County Emergency Communications District
(A Component Unit)
Exhibit 3 - Schedule of Contracted Services
For the Year Ended June 30, 2012**

Accounting Services	\$ 8,444
Administrative Fees-Service Charge	17,542
Advertising	113
Audit Services	16,750
Data Processing Services	7,105
Disposal Fees	800
Fuel - Vehicles	302
Fees Paid to Service Providers - Communication	53,493
Legal Services	107
Maintenance Agreements	31,128
Maintenance and Repairs - Buildings	3,371
Maintenance and Repairs - Communications Equipment	41,184
Pest Control	540
Other Contracted Services	5,935
Diesel Fuel	1,675
Total Contracted Services	<u>\$ 188,489</u>

**Robertson County Emergency Communications District
(A Component Unit)
Exhibit 4 - Schedule of Supplies and Materials
For the Year Ended June 30, 2012**

Office Supplies	\$ 10,316
Custodial Supplies	1,817
Postal Charges	606
Small Equipment Purchases	3,817
Uniforms and Shirts	3,335
Utilities	20,233
Total Supplies and Materials	<u>\$ 40,124</u>

Robertson County Emergency Communications District
(A Component Unit)
Exhibit 5 - Schedule of Other Charges
For the Year Ended June 30, 2012

Dues and Memberships	\$	317
Janitorial Services		5,760
Building and Content Insurance		23,221
Insurance - Workers Compensation		882
Insurance - Liability		1,495
Licenses		2,975
Training Expenses		7,625
Travel Expenses		381
Total Contracted Services	<u>\$</u>	<u>42,656</u>

**Roberson County Emergency Communications District
(A Component Unit)
Schedule of Disposition of Bond Proceeds
June 30, 2012**

DISPOSITION OF BOND PROCEEDS PURPOSES

The proceeds of the Series 2009 Revenue Bond Issue will be used for the purpose of financing the construction of extensions and improvements to the emergency communications system serving Robertson County Emergency Communications District.

SOURCES AND USES OF FUNDS

The following table summarizes the estimated sources of funds and the uses of such funds:

<i>Sources of Funds:</i>	
Principal Amount of Bonds	\$ 3,000,000
Total	<u>\$ 3,000,000</u>
 <i>Uses of Funds</i>	
Construction of emergency communications system	\$ 2,967,146
Bond Issue Costs	32,854
Total	<u>\$ 3,000,000</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

January 11, 2013

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, 2012 and have issued our report thereon dated January 11, 2013. 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

Management of Robertson County Emergency Communications District ("The District" - a component unit of Robertson County) is responsible for establishing and maintaining effective 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 the District's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in

internal control over financial reporting that we consider to be material weaknesses, as defined above.

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.

We noted certain matters that we reported to management of The District, in a separate letter dated January 11, 2013.

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, 2012**

No Findings