

**Robertson County Emergency  
Communications District  
(A Component Unit)  
Financial Statements  
June 30, 2014**

**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, 2014**

***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 Pte  
Springfield, TN 37172

Russell Gupton, Member  
1305 Hill St  
Springfield, TN 37172

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

Ron Gallagher, Member  
2201 Masters Dr  
Springfield, TN 37172

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

Bill Holt, Member  
239 Allen Dr  
Greenbrier, TN 37073

David Thompson, Member  
802 S Willow St  
Springfield, TN 37172

# *Gillette, Henderson & Co., PLLC*

CERTIFIED PUBLIC ACCOUNTANTS

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

## Independent Auditors' Report

### **Report on the Financial Statements**

We have audited the accompanying 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies

used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business type activities of Robertson County Emergency Communications District as of June 30, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Robertson County Emergency Communications District's basic financial statements. The Budgetary Comparison Schedule on pages 19-20, and the Schedules of Detailed Expenses on pages 20-24 are presented for purposes of additional analysis as required by the Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts and are not a required part of the basic financial statements. The Schedule of Disposition of Bond Proceeds on page 25 is presented for additional analysis as required by the bond issuer and is also not a required part of the basic financial statements.

The schedules of detailed expenses and budgetary comparisons schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of

detailed expenses and budgetary comparison schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Disposition of Bond Proceeds, which is of a non-accounting nature, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014, on our consideration of Robertson County Emergency Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Robertson County Emergency Communications District's internal control over financial reporting and compliance.

*Gillette, Henderson & Co., PLLC*

Gillette, Henderson & Co., PLLC  
Hermitage, Tennessee  
December 12, 2014

**Robertson County Emergency Communications District**  
**(A Component Unit)**  
**Statement of Net Position**  
**June 30, 2014**

ASSETS

Current Assets	
Cash	\$ 542,149
Investments	657,472
Accounts Receivable	59,875
Due from Tennessee Emergency Communications Board	56,486
Due from Primary Government	33,794
Prepaid Expenses	59,095
Total Current Assets	<u>1,408,871</u>
Noncurrent Assets	
Restricted Assets - Restricted Cash and Investments	<u>245,791</u>
Total Noncurrent Assets	<u>245,791</u>
Capital Assets	
Land	270,000
Building and Improvements	2,769,695
Office Equipment	10,520
Communications Equipment	1,129,483
Vehicles	21,207
Total Property and Equipment	<u>4,200,905</u>
Accumulated Depreciation	<u>(685,303)</u>
Net Property and Equipment	<u>3,515,602</u>
Other Assets	
Bond Issue Costs	32,854
Less: A/A Bond Issue Costs	<u>(21,196)</u>
Total Other Assets	<u>11,658</u>
Deferred Outflows of Resources	
	<u>-</u>
Total Deferred Outflows and Assets	<u>\$ 5,181,922</u>

LIABILITIES AND NET POSITION

Current Liabilities	
Compensated Absences Payable	\$ 65,621
Accrued Payroll	29,552
Bonds Payable - Current	120,000
Total Current Liabilities	<u>215,173</u>
Noncurrent Liabilities	
Bonds Payable - Long Term	<u>2,350,000</u>
Total Noncurrent Liabilities	<u>2,350,000</u>
Total Liabilities	<u>2,565,173</u>
Deferred Inflows of Resources	
	<u>-</u>
Net Position	
Net Investment in Capital Assets	1,045,602
Restricted for Debt Service	230,550
Unrestricted	1,340,597
Total Net Position	<u>2,616,749</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 5,181,922</u>

See notes to financial statements

**Robertson County Emergency Communications District**  
**(A Component Unit)**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2014**

Operating Revenue	
Emergency Telephone Service Charge	\$ 265,688
Tennessee Emergency Communications Board - Shared Wireless Charge	168,832
Tennessee Emergency Communications Board - Operational Funding	188,916
Total Operating Revenues	<u>623,436</u>
Operating Expenses	
Salaries and Wages (see Exhibit 1)	637,031
Employee Benefits (see Exhibit 2)	210,413
Contracted Services (see Exhibit 3)	221,441
Supplies and Materials (see Exhibit 4)	44,407
Other Charges (see Exhibit 5)	38,917
Depreciation and Amortization	192,997
Total Operating Expenses	<u>1,345,206</u>
Operating Income (Loss)	<u>(721,770)</u>
Nonoperating Revenues and (Expenses)	
Gain (Loss) on Disposal of Assets	200
Interest Income	5,052
Interest Expense	(115,550)
Misc Income	833
Contributions from Primary Government	560,362
Tennessee Emergency Communications Board - Grants and Reimbursements	100,733
Total Nonoperating Revenues and (Expenses)	<u>551,630</u>
Income before Capital Contribution	<u>(170,140)</u>
Increase (Decrease) in Net Position	(170,140)
Net Position, Beginning of Year	2,786,889
Net Position, End of Year	<u>\$ 2,616,749</u>

**Robertson County Emergency Communications District  
(A Component Unit)  
Statement of Cash Flows - Direct Method  
For the Year Ended June 30, 2014**

**Cash Flows From Operating Activities**

Cash Received from Surcharges and Other Revenues	\$ 625,993
Cash Paid to Suppliers for Goods and Services	(294,657)
Cash Paid for Payroll, Taxes and Related Benefits	(781,239)
Net Cash Provided (Used) by Operating Activities	(449,903)

**Cash Flows From Noncapital Financing Activities**

Grants/Reimbursements TECB	100,733
Contributions from Primary Government	526,568
Bond Issuance Costs Incurred	-
Net Cash Provided (Used) by Noncapital Financing Activities	627,301

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

Other	(598)
Proceeds from sale of fixed assets	200
Insurance Recovery	833
Interest paid	(115,550)
Repayment of Bonds	(115,000)
Purchases of fixed assets	(36,080)
Net Cash Provided (Used) by Capital and Related Financing	(266,195)

**Cash Flows From Investing Activities**

Proceeds from maturity of CD's	-
Interest Received	5,052
Reinvested interest earned on investments	(5,084)
Net Cash Provided (Used) by Investing Activities	(32)

Net Increase (Decrease) In Cash (88,829)

Cash at Beginning of Year 630,978

Cash at End of Year \$ 542,149

**Robertson County Emergency Communications District  
(A Component Unit)  
Statement of Cash Flows - Direct Method  
For the Year Ended June 30, 2014**

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

Net income (loss) from Operations	\$ (721,770)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities	
Depreciation	189,356
Amortization of intangible assets	4,239
(Increase) decrease in accounts receivable	2,556
(Increase) decrease in prepaid assets	9,511
Increase (decrease) in other accrued payroll	29,552
Increase (decrease) in accrued absences	36,653
Total adjustments	271,867
Net Cash Provided (Used) by Operating Activities	\$ (449,903)

Supplemental Disclosures

Cash Paid During the Year for:

Cash Paid for Interest	\$ 115,550
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Non Cash Investing, Financing and Capital Activities

Fixed Assets Reclassed from Prepaid Expenses	\$ 9,000
Credit Due for Sales Tax Paid on Equipment Purchases Included in Accounts Receivable	\$ 42,461

**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.

**Reporting Entity**

The District, a component unit of Robertson County, provides emergency communications and dispatch services for all fire, law enforcement and other emergency departments within the County. 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 through the Sheriff's Department and provides funding for the salaries and related payroll expenses for dispatchers from the General Fund; 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 an economic resources 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.

**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)**

The major sources of operating revenue are customer service charges, shared wireless charges and operating subsidies. There is also other income that is considered substantial.

(1) Customer Service Charges

A monthly subscriber fee is added to each telephone line in Montgomery County. The charge is billed and collected by the telephone company and is remitted to the District after a deduction of a 1% administrative fee.

(2) Shared Wireless Charges

A monthly wireless E-911 fee is collected by the State of Tennessee from wireless customers and is remitted to the District.

(3) Operating Subsidies

The District receives an operating subsidy from the Tennessee Emergency Communications Board.

(4) Other Income

The District also receives support from the County for dispatcher payroll and related expenses.

Operating expenses for enterprise funds include expenses incurred relating to the operation and maintenance of its system. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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. 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.

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

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

**Accounts Receivable/Due from State Emergency Communications Board  
(continued)**

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

The third vendor is Robertson County. The receivable is funding related to dispatcher payroll and related expenses.

**Property, Plant and Equipment**

Property, plant and equipment are carried at cost. Assets are depreciated using the straight-line basis, and a 5-40 year expected useful life as required by the Accounting and Financial Reporting Manual. The District capitalizes all significant purchases over \$7,000 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, 2014. 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.

A statement of comparison for the budgeted and actual revenues and expenditures is included in the Supplementary Information section of this report.

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 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.

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

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

**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.

**Deferred Inflows/Deferred Outflows**

A deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of revenue until that time. A deferred outflow of resources represents consumption of resources that is applicable to future reporting periods.

**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, 2014, 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 for the District operations and the City of Springfield provides certain dispatchers free of charge. 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 \$12,568 which is paid to the Robertson County Finance office for accounting services.

Beginning July 1, 2013, County dispatchers came under the umbrella of the District. As such, all payroll and payroll related items are now being paid through the District. The County funds the payroll and payroll related items each month. The funding is reported on the Statement of Revenues, Expenses and Changes in Net position as Contributions from Primary Government.

**Note 4 – Noncash Investing and Financing Transactions**

Noncash investing and financing transactions are disclosed in the statement of cash flows.

**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, 2014:

	Maturity Date	Interest Rate	Carrying Amount	Bank Balance
<b>Cash</b>				
Checking	n/a	0.00%	\$ 25,544	\$ 51,208
Wireless Checking	n/a	0.00%	516,605	516,605
			<u>\$542,149</u>	<u>\$567,813</u>
<b>Temporary Investments</b>				
Certificate of Deposit - 5690	5/18/2015	0.38%	\$ 106,711	\$ 106,711
Certificate of Deposit - 9006	10/3/2014	0.50%	245,791	245,791
Certificate of Deposit - 5394	10/14/2014	0.65%	27,004	27,004
Certificate of Deposit - 2186	6/6/2015	0.35%	112,109	112,109
Certificate of Deposit - 2144	5/16/2015	0.35%	108,584	108,584
Certificate of Deposit - 1497	9/27/2014	0.70%	34,849	34,849
Certificate of Deposit - 1510	1/15/2015	0.70%	212,620	211,632
Certificate of Deposit - 1693	10/25/2015	0.65%	55,595	55,595
			<u>\$903,263</u>	<u>\$902,275</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, 2014, 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 6 – Accounts Receivable**

Accounts receivable consists primarily of amounts due for monthly service charges collected for the District and for County funding for payroll and related expenses:

AT&T	\$ 17,414
Due from TECB	56,486
Due from Robertson County	33,794
Other	42,461
	<u>\$ 150,155</u>

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

**Note 6 – Accounts Receivable- continued**

Included in the other category of receivables is an amount due from a vendor for sales tax inadvertently paid on the purchase of equipment in a prior year.

**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	\$ -	\$ -	\$ -
Restricted for Debt Service	-	245,791	245,791
Total	<u>\$ -</u>	<u>\$ 245,791</u>	<u>\$ 245,791</u>

**Note 8 – Property and Equipment**

Property and Equipment consisted of the following at June 30, 2014:

	Balance 6/30/2013	Additions	Deletions	Balance 6/30/2014
Land	\$ 270,000	\$ -	\$ -	\$ 270,000
Building and Improvements	2,812,156	-	(42,461)	2,769,695
A/D-Building and Improvements	(206,816)	(70,304)	-	(277,120)
Furniture and Fixtures	-	-	-	-
A/D-Furniture and Fixtures	-	-	-	-
Office Equipment	-	10,520	-	10,520
A/D-Office Equipment	-	(614)	-	(614)
Communications Equipment	1,112,923	16,560	-	1,129,483
A/D-Communications Equipment	(274,000)	(115,720)	-	(389,720)
Vehicles	21,207	-	-	21,207
A/D-Vehicles	(15,729)	(2,120)	-	(17,849)
Net Property and Equipment	<u>\$3,719,741</u>	<u>\$ (161,678)</u>	<u>\$ (42,461)</u>	<u>\$3,515,602</u>

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

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

**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 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, 15th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/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, 2014 was 10.66% 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, 2014, Robertson County 911 Emergency Communications District's annual pension cost of \$57,371 to TCRS was equal to Robertson County 911

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

**Note 10 – 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, 2011 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, 2011 was 6 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, 2014	\$ 57,371	100%	\$ 0
June 30, 2013	\$ 18,408	100%	\$ 0
June 30, 2012	\$ 18,162	100%	\$ 0

**FUNDED STATUS AND FUNDING PROGRESS**

As of July 1, 2013, the most recent actuarial valuation date, the plan was 67.20 percent funded. The actuarial accrued liability for benefits was \$0.39 million, and the actuarial value of assets was \$0.26 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.13 million. The covered payroll (annual payroll of active employees covered by the plan) \$0.4 million, and the ratio of the UAAL to the covered payroll was 32.13 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.

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

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

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

(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, 2013	\$ 264	\$ 393	\$ 129	67.20%	\$ 402	32.13%
July 1, 2011	\$ 200	\$ 238	\$ 37	84.37%	\$ 168	22.03%
July 1, 2009	\$ 132	\$ 134	\$ 1	98.95%	\$ 112	1.26%

**Note 11 – 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>
6/30/2015	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>\$ 2,470,000</u>	<u>\$ 314,913</u>	<u>\$ 2,784,913</u>

Long-Term debt for the year ended June 30, 2014 is as follows:

	<u>6/30/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2014</u>	<u>Due Within One Year</u>
Revenue Bonds	\$ 2,585,000	\$ -	\$ (115,000)	\$ 2,470,000	\$ 120,000
Total	<u>\$ 2,585,000</u>	<u>\$ -</u>	<u>\$ (115,000)</u>	<u>\$ 2,470,000</u>	<u>\$ 120,000</u>

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

**Note 11 – Long-Term Debt and Commitments (continued)**

The total interest incurred on these liabilities for the year ending June 30, 2014 was \$115,550.

As required by the bond issue documents \$245,791 has been set aside in a separate account for the principal payment on these bonds. See Note 7.

**Note 12 – Economic Dependency**

As of and for the year ended June 30, 2014, the District has the following balances and transactions with respect to major customers:

	<u>Revenues</u>		<u>AR</u>
AT&T	\$ 226,776	\$	17,414
TECB	\$ 357,748	\$	56,486
Robertson County	\$ 560,362	\$	33,794

**Note 13 – Subsequent Events**

Subsequent to year end an interlocal agreement was entered into by the District, Robertson County, the City of Springfield and the City of White House. The interlocal agreement requires predetermined monthly payments from the county and cities to fund dispatch services as all dispatchers became employees of the District in July of 2014. The Cities' and County's respective amounts were allocated based upon their percentage of emergency and non-emergency calls for service over a pre-determined time period.

Subsequent events have been evaluated through December 12, 2014.

***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, 2014**

	ORIGINAL BUDGET (Accrual)	AMENDED BUDGET (Accrual)	ACTUAL	VARIANCE OVER (UNDER)
<b>Operating Revenues</b>				
Emergency Telephone Service Charge	\$ 325,000	\$ 325,000	\$ 265,688	\$ (59,312)
TECB - Shared Wireless Charge	162,029	162,029	168,832	6,803
TECB - Operational Funding	188,916	188,916	188,916	-
<b>Total Operating Revenues</b>	<b>675,945</b>	<b>675,945</b>	<b>623,436</b>	<b>(52,509)</b>
<b>Operating Expenses</b>				
<b>Salaries and Wages</b>				
County Official/Administrative Officer	-	6,750	11,036	4,286
Director	49,255	49,255	49,254	(1)
Dispatchers/Radio Operators	-	327,550	332,060	4,510
Salaries and Wages	12,000	12,000	10,753	(1,247)
Clerical Personnel	128,620	128,620	128,586	(34)
Part-time Personnel	-	55,000	29,393	(25,607)
Overtime Pay	-	55,000	37,201	(17,799)
Vacation/Sick Pay	3,000	36,700	36,654	(46)
In Service Training	24,000	2,094	2,094	(0)
<b>Total Salaries and Wages</b>	<b>216,875</b>	<b>672,969</b>	<b>637,031</b>	<b>(35,938)</b>
<b>Employee Benefits</b>				
Social Security	13,300	45,300	33,691	(11,609)
Retirement Contributions	22,810	77,810	57,371	(20,439)
Medicare	3,110	10,510	7,879	(2,631)
Medical Insurance	29,700	111,700	111,472	(228)
<b>Total Employee Benefits</b>	<b>68,920</b>	<b>245,320</b>	<b>210,413</b>	<b>(34,907)</b>
<b>Contracted Services</b>				
Accounting Services	9,000	12,600	12,568	(32)
Administrative Fees-Service Charge	26,750	12,980	11,371	(1,609)
Advertising	2,696	3,081	3,079	(2)
Audit Services	7,500	8,000	8,000	-
Data Processing Services	13,500	22,700	22,661	(39)
Disposal Fees	500	920	858	(62)
Fuel - Vehicles	1,000	1,000	747	(253)
Fees Paid to Service Providers - Communication	71,000	51,855	40,103	(11,752)
Legal Services	3,000	2,000	-	(2,000)
Maintenance Agreements	14,550	31,750	86,511	54,761
Maintenance and Repairs - Buildings	12,500	12,500	11,583	(917)
Maintenance and Repairs - Communication Equipment	85,000	85,000	15,547	(69,453)
Maintenance and Repairs - Vehicles	1,500	900	878	(22)
Pest Control	600	600	540	(60)
Other Contracted Services	3,600	7,100	6,995	(105)
<b>Total Contracted Services</b>	<b>\$ 252,696</b>	<b>\$ 252,985</b>	<b>\$ 221,441</b>	<b>\$ (31,544)</b>

**Robertson County Emergency Communications District**  
**(A Component Unit)**  
**Budgetary Comparison Schedule (GAAP Basis) - Continued**  
**For the Year Ended June 30, 2014**

	ORIGINAL BUDGET (Accrual)	AMENDED BUDGET (Accrual)	ACTUAL	VARIANCE OVER (UNDER)
Supplies and Materials				
Office Supplies	\$ 5,500	\$ 6,496	\$ 5,666	\$ (830)
Custodial Supplies	3,250	3,050	1,859	(1,191)
Postal Charges	750	750	705	(45)
Small Equipment Purchases	3,400	12,620	11,803	(817)
Uniforms and Shirts	4,000	-	-	-
Diesel	1,700	1,700	-	(1,700)
Other Equipment	1,000	1,000	637	(363)
Utilities	23,300	24,000	23,737	(263)
Total Supplies and Materials	<u>42,900</u>	<u>49,616</u>	<u>44,407</u>	<u>(5,210)</u>
Other Charges				
Dues and Memberships	1,000	1,000	750	(250)
Evaluation and Testing	-	1,200	1,200	-
Building and Content Insurance	25,000	25,500	25,333	(167)
Insurance - Workers Compensation	4,000	4,000	2,109	(1,891)
Insurance - Liability	1,250	1,250	1,108	(142)
Legal Notices	500	500	285	(215)
Premiums on Surety Bonds	3,200	3,200	2,836	(364)
Training Expenses	9,200	25,550	3,721	(21,829)
Travel Expenses	1,000	150	118	(32)
Other Charges	250	1,550	1,457	(93)
Total Other Charges	<u>45,400</u>	<u>63,900</u>	<u>38,917</u>	<u>(24,983)</u>
Depreciation and Amortization Expense	4,240	4,240	192,997	188,757
Total Operating Expenses	<u>631,031</u>	<u>1,289,030</u>	<u>1,345,206</u>	<u>56,176</u>
Operating Income (Loss)	\$ 44,914	\$ (613,085)	\$ (721,770)	\$ (108,685)
Nonoperating Revenues				
Misc Income	\$ -	\$ -	\$ 833	\$ 833
Proceeds from Disposal of Property	-	-	200	200
Interest Income	1,000	1,000	5,052	4,052
Contributions from Primary Government	719,635	719,635	560,362	(159,273)
TECB - Grants and Reimbursements	-	-	100,733	100,733
Total Nonoperating Revenues	<u>720,635</u>	<u>720,635</u>	<u>667,180</u>	<u>(53,455)</u>
Nonoperating Expenses				
Interest Expense	(115,550)	(115,550)	(115,550)	-
Total Nonoperating Expenses	<u>(115,550)</u>	<u>(115,550)</u>	<u>(115,550)</u>	<u>-</u>
Total Non-Operating Revenues and Expenses	<u>605,085</u>	<u>605,085</u>	<u>551,630</u>	<u>(53,455)</u>
Income before Capital Contribution	649,999	(8,000)	(170,140)	(162,140)
Capital Contributions				
Capital Contributions from Primary Government	-	-	-	-
Total Capital Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	649,999	(8,000)	(170,140)	<u>(162,140)</u>
Net Position, Beginning of Year	2,786,889	2,786,889	2,786,889	
Net Position, End of Year	<u>\$ 3,436,888</u>	<u>\$ 2,778,889</u>	<u>\$ 2,616,749</u>	

**Robertson County Emergency Communications District  
(A Component Unit)  
Exhibit 1 - Schedule of Salaries and Wages  
For the Year Ended June 30, 2014**

County Official/Administrative Officer	\$ 11,036
Director	49,254
Dispatchers/Radio Operators	332,060
Salaries and Wages	10,753
Clerical Personnel	128,586
Part-time Personnel	29,393
Overtime Pay	37,201
Vacation/Sick Pay	36,654
In Service Training	2,094
Total Salaries and Wages	<u>\$ 637,031</u>

**Robertson County Emergency Communications District  
(A Component Unit)  
Exhibit 2 - Schedule of Employee Benefits  
For the Year Ended June 30, 2014**

Social Security	\$	33,691
Retirement Contributions		57,371
Medicare		7,879
Medical Insurance		111,472
Total Employee Benefits	\$	<u>210,413</u>

**Robertson County Emergency Communications District  
(A Component Unit)  
Exhibit 3 - Schedule of Contracted Services  
For the Year Ended June 30, 2014**

Accounting Services	\$ 12,568
Administrative Fees-Service Charge	11,371
Advertising	3,079
Audit Services	8,000
Data Processing Services	22,661
Disposal Fees	858
Fuel - Vehicles	747
Fees Paid to Service Providers - Communication	40,103
Maintenance Agreements	86,511
Maintenance and Repairs - Buildings	11,583
Maintenance and Repairs - Communications Equipment	15,547
Maintenance and Repairs - Vehicles	878
Pest Control	540
Other Contracted Services	6,995
Total Contracted Services	<u>\$ 221,441</u>

**Robertson County Emergency Communications District  
(A Component Unit)  
Exhibit 4 - Schedule of Supplies and Materials  
For the Year Ended June 30, 2014**

Office Supplies	\$ 5,666
Custodial Supplies	1,859
Postal Charges	705
Small Equipment Purchases	11,803
Other Equipment	637
Utilities	23,737
Total Supplies and Materials	<u>\$ 44,407</u>

**Robertson County Emergency Communications District  
(A Component Unit)  
Exhibit 5 - Schedule of Other Charges  
For the Year Ended June 30, 2014**

Dues and Memberships	\$	750
Evaluation and Testing		1,200
Building and Content Insurance		25,333
Insurance - Workers Compensation		2,109
Insurance - Liability		1,108
Legal Notices		285
Premiums on Surety Bonds		2,836
Training Expenses		3,721
Travel Expenses		118
Other Charges		1,457
Total Contracted Services	\$	<u>38,917</u>

**Roberson County Emergency Communications District  
(A Component Unit)  
Schedule of Disposition of Bond Proceeds  
June 30, 2014**

**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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## INDEPENDENT AUDITOR'S 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

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

We have audited, in accordance with the 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, the financial statements of the business-type activities of Robertson County Emergency Communications District (the District – a component unit of Robertson County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Robertson County Emergency Communication District's basic financial statements and have issued our report thereon dated December 12, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Robertson County Emergency Communication District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not

been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. Findings 2014-2 and 2014-3

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2014-1 and 2014-2.

### **The District's Response to Findings**

Robertson County Emergency Communications District's response to the findings identified in our audit is described in the accompanying schedule of finding and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Gillette, Henderson & Co., PLLC*

Gillette, Henderson & Co., PLLC

Hermitage, TN 37076

December 12, 2014

**Roberson County Emergency Communications District  
(A Component Unit)  
Schedule of Findings and Responses  
June 30, 2014**

**Finding 2014-01 – Compliance with Dispatcher Training**

*Condition:* In the current year the dispatcher training is not in compliance with TCA Sec 7-86-205.

*Criteria:* TCA Sec 7-86-205 requires every emergency call taker or public safety dispatcher who receives an initial or transferred 911 call from the public, regardless of agency or governmental jurisdiction, to obtain dispatcher training within six months of hiring date.

*Effect:* Dispatchers have not been trained in accordance with the required time table.

*Recommendation:* Our discussion with the new Director indicates that she is aware of this issue and has already taken steps to get dispatcher training into compliance. We have no further recommendation on this issue.

*Response:* We concur.

**Finding 2014-02 – Compliance with Budget Requirements**

*Condition:* In the course of performing our audit, we noted one instance where expenses were accrued at year end causing one payroll line item to be over budget by an immaterial amount. We also one instance where a required reclass of expenses caused a line item to be over budget.

*Criteria:* TCA 7-86-120 states "...no district may expense any moneys regardless of their source, including moneys derived from bond and long-term debt proceeds, general, state or private grants or loans, or special assessments, except in accordance with a budget adopted under this section."

*Effect:* The effect was expense line items over budget.

*Recommendation:* We recommend that year end expenses and accruals be analyzed to determine if approved budget amendments are needed by June 30 to prevent line items from being reported over budget. The District could also consider budgeting on a cash basis. The reclassified item was budgeted for in a sufficient amount in another line item. Our discussion with the Director and bookkeeper indicate that the correction of this budget line item has already been addressed in the current year. We recommend no further action on this line item.

*Response:* We concur.

**Finding 2014-03 - Internal Control over Financial Reporting**

*Condition:* In the course of performing our audit, we noted 2 instances where the internal controls did not detect omitted accruals.

*Criteria:* The District is responsible for having a system of controls in place to allow management or employees, in the normal course of performing their assignend functions, to prevent or detect and correct misstatements on a timely basis.

*Effect:* The effect was the omission of certain year end accruals.

*Recommendation:* The District had a change of bookkeeping personnel at year end that appears to have been a factor in missing these accruals. In addition, there was a significant number of new District employees which resulted in the accrual being material this year when it was not in the past. The Director and the new bookkeeper have been made aware of the need for these accruals. We recommend no further action.

*Response:* We concur.