

**BOONE COUNTY PUBLIC SAFETY
COMMUNICATIONS CENTER**

FINANCIAL STATEMENTS

Year Ended June 30, 2001

**BOONE COUNTY PUBLIC SAFETY
COMMUNICATIONS CENTER**

FINANCIAL STATEMENTS

Year Ended June 30, 2001

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**BOONE COUNTY PUBLIC SAFETY
COMMUNICATIONS CENTER**

June 30, 2001

ADMINISTRATION

Board of Directors

Chief Jim Whalen
Chairman of the Board

Diane Whalen
Mayor of Florence

Roger Paul, Acting Chief of Police
City of Walton

Chief Tom Kathman
Florence Police Department

Mike Helmig, Sheriff
Boone County Sheriff Department

Gary Moore, Judge Executive
Boone County


Mike Giordano
Boone County Fire Chief's Association

Executive Staff

Ronald R. Porter
Director

Robert Boston
Assistant Director

Mandy Settles
Administrative Assistant/Recording Secretary

 **Van Gorder, Walker & Co., Inc.**
Certified Public Accountants
INDEPENDENT AUDITOR'S REPORT

**To the Administrative Board of the
Boone County Public Safety Communications Center
Florence, Kentucky**

We have audited the accompanying balance sheet of the Boone County Public Safety Communications Center as of June 30, 2001 and the related statements of revenues, expenses, and changes in fund balance-budget and actual, and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the "911 Funds", a special fund administered by the Boone County Fiscal Court, which statements reflect assets of \$7,161,024 as of June 30, 2001 and total revenues of \$3,136,420 for the year then ended. Those statements were audited by Auditor of Public Accounts of the Commonwealth of Kentucky.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Boone County Public Safety Communications Center as of June 30, 2001, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 4, 2001 on my consideration of the Boone County Public Safety Communications Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Van Gorder, Walker & Co., Inc.

VAN GORDER, WALKER & CO., INC.
Covington, Kentucky
September 4, 2001

BOONE COUNTY PUBLIC SAFETY COMMISSION CENTER**BALANCE SHEET****June 30, 2001**

ASSETS	Boone County PSCC Funds	911 Funds	Total
Current assets			
Cash on hand and in bank	\$ 1,150	\$ -	\$ 1,150
Commercial now account	323,391	-	323,391
Total cash and cash equivalents	<u>324,541</u>	<u>-</u>	<u>324,541</u>
Prepaid expenses	983	-	983
Total current assets	<u>325,524</u>	<u>-</u>	<u>325,524</u>
Fixed assets			
Capitalized leased equipment	-	1,950,000	1,950,000
Technical and mechanical equipment	-	4,370,944	4,370,944
MDT project under development	-	2,750,000	2,750,000
Office furniture and equipment	53,439	-	53,439
Total fixed assets	<u>53,439</u>	<u>9,070,944</u>	<u>9,124,383</u>
Accumulated depreciation	<u>(8,287)</u>	<u>(1,909,920)</u>	<u>(1,918,207)</u>
Net fixed assets	<u>45,152</u>	<u>7,161,024</u>	<u>7,206,176</u>
Total assets	<u>\$ 370,676</u>	<u>\$ 7,161,024</u>	<u>\$ 7,531,700</u>
LIABILITIES AND FUND BALANCE			
Current liabilities			
Capitalized leases-current portion	\$ -	\$ 227,429	\$ 227,429
Accounts payable	5,903	-	5,903
Other liabilities	4,126	-	4,126
Accrued expenses	38,099	22,613	60,712
Uncompensated absences	39,422	-	39,422
Total current liabilities	<u>87,550</u>	<u>250,042</u>	<u>337,592</u>
Long-term liabilities			
Capitalized leases-less current portion	-	2,960,611	2,960,611
Total liabilities	<u>87,550</u>	<u>3,210,653</u>	<u>3,298,203</u>
Fund Balance			
Unrestricted retained earnings	<u>283,126</u>	<u>3,950,371</u>	<u>4,233,497</u>
Total liabilities and fund balance	<u>\$ 370,676</u>	<u>\$ 7,161,024</u>	<u>\$ 7,531,700</u>

See accompanying notes

BOONE COUNTY PUBLIC SAFETY COMMUNICATIONS CENTER**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCE****For The Year Ended June 30, 2001**

Year Ended June 30, 2001

	Boone County PSCC Funds	911 Funds	Total
OPERATING REVENUES			
City contributions	\$ 489,466	\$ -	\$ 489,466
County contributions	1,428,394	-	1,428,394
Inkind-911 funds	-	2,898,416	2,898,416
Total operating revenues	<u>1,917,860</u>	<u>2,898,416</u>	<u>4,816,276</u>
OPERATING EXPENSES			
Personnel services			
Salaries and wages	1,248,338	-	1,248,338
Retirement	134,257	-	134,257
Health and medical insurance	188,652	-	188,652
Life/disability insurance	18,134	-	18,134
Sick time buyback	1,265	-	1,265
Unemployment	8,554	-	8,554
Total personnel services	<u>1,599,200</u>	<u>-</u>	<u>1,599,200</u>
Contractual services			
Advertising	8,550	-	8,550
Telephone	14,216	-	14,216
Utilities	8,433	87,738	96,171
Rent storage	-	-	-
Depreciation	2,004	533,004	535,008
Professional services	8,937	-	8,937
Insurance/bonding	20,139	21,730	41,869
Pagers/copier	2,141	-	2,141
Bank charges	4,349	127,541	131,890
Other services	7,183	4,925	12,108
Office/Tower Lease	57,382	19,400	76,782
Uniforms	8,070	-	8,070
Vehicle Lease	4,943	-	4,943
Total contractual services	<u>146,347</u>	<u>794,338</u>	<u>940,685</u>
Supplies and materials			
Office	13,780	-	13,780
Postage	801	-	801
Technical	2,952	-	2,952
Printing	835	-	835
Miscellaneous	2,188	4,906	7,094
Total supplies and materials	<u>20,556</u>	<u>4,906</u>	<u>25,462</u>
Maintenance and repairs	1,804	181,361	183,165
Capital/moving expenses	538	-	538
Travel and training	46,763	-	46,763
Total operating expenses	<u>1,815,208</u>	<u>980,605</u>	<u>2,795,813</u>
OPERATING INCOME (LOSS)	<u>102,652</u>	<u>1,917,811</u>	<u>2,020,463</u>
Nonoperating revenues			
Interest income	4,279	-	4,279
NET INCOME	<u>106,931</u>	<u>1,917,811</u>	<u>2,024,742</u>
FUND BALANCE			
Beginning	<u>176,195</u>	<u>2,032,560</u>	<u>2,208,755</u>
Ending	\$ <u>283,126</u>	\$ <u>3,950,371</u>	\$ <u>4,233,497</u>

See accompanying notes

BOONE COUNTY PUBLIC SAFETY COMMUNICATIONS CENTER**STATEMENT OF REVENUES, EXPENSES AND CHANGES****IN FUND BALANCE-BUDGET AND ACTUAL****For The Year Ended June 30, 2001**

	Year Ended June 30, 2001		
	Budget	Actual	Variance- Favorable (Unfavorable)
OPERATING REVENUES			
City contributions	\$ 489,466	\$ 489,466	\$ -
County contributions	1,428,394	1,428,394	-
Inkind-911 funds	-	2,898,416	2,898,416
Total operating revenues	<u>1,917,860</u>	<u>4,816,276</u>	<u>2,898,416</u>
OPERATING EXPENSES			
Personnel services			
Salaries and wages	1,374,967	1,248,338	126,629
Retirement	189,738	134,257	55,481
Health and medical insurance	198,975	188,652	10,323
Life/disability insurance	26,395	18,134	8,261
Sick time buy back	3,850	1,265	
Unemployment	11,800	8,554	3,246
Total personnel services	<u>1,805,725</u>	<u>1,599,200</u>	<u>203,940</u>
Contractual services			
Advertising	9,000	8,550	450
Telephone	20,400	14,216	6,184
Utilities	9,000	8,433	567
Depreciation	-	2,004	(2,004)
Professional services	11,000	8,937	2,063
Insurance/bonding	28,100	20,139	7,961
Pagers/copier	3,100	2,141	959
Bank service charges	4,800	4,349	451
Other services	11,500	7,183	4,317
Office Lease	57,390	57,382	8
Uniforms	7,900	8,070	(170)
Vehicle Lease	5,665	4,943	722
Total contractual services	<u>167,855</u>	<u>146,347</u>	<u>21,508</u>
Supplies and materials			
Office	11,556	13,780	(2,224)
Postage	700	801	(101)
Technical	3,500	2,952	548
Printing	900	835	65
Miscellaneous	-	2,188	(2,188)
Total supplies and materials	<u>16,656</u>	<u>20,556</u>	<u>(3,900)</u>
Maintenance and repairs	2,000	1,804	196
Expenses-911 funds	-	980,605	(980,605)
Capital/moving expenditures	16,000	538	15,462
Travel and training	47,000	46,763	237
Total operating expenses	<u>2,055,236</u>	<u>2,795,813</u>	<u>(740,577)</u>
OPERATING INCOME (LOSS)	<u>(137,376)</u>	<u>2,020,463</u>	<u>2,157,839</u>
Nonoperating revenues			
Carryover from prior years	135,376	-	(135,376)
Interest income	2,000	4,279	2,279
NET INCOME	\$ <u>-</u>	<u>2,024,742</u>	\$ <u>2,024,742</u>
FUND BALANCE			
Beginning		<u>2,208,755</u>	
Ending		\$ <u>4,233,497</u>	

See accompanying notes

BOONE COUNTY PUBLIC SAFETY COMMUNICATIONS CENTER STATEMENT OF CASH FLOWS Year Ended June 30, 2001
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CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 2,020,463
Adjustments to reconcile net income to net cash provided by operating activities	
Inkind contributions-911 funds	(3,136,420)
Depreciation	2,004
Expenses-911	1,218,609
(Increase) or Decrease in Unrestricted Assets	
Prepaid expenses	7,609
Increase or (Decrease) in Unrestricted Liabilities	
Accounts payable	4,796
Other liabilities	(13,411)
Accrued expenses	38,099
Uncompensated absences	142
Net Cash Provided by Operating Activities	<u>141,891</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	4,279
CASH FLOW FROM CAPITAL ACTIVITIES	
Purchase of fixed assets	<u>(14,575)</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	131,595
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>192,946</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 324,541</u>
SUPPLEMENTAL DISCLOSURES	
Equipment acquired-911 funds	\$ 1,981,789
Inkind contributions-911 funds	\$ 3,136,420
Debt principal payments-911 funds	\$ 474,196
General obligation lease proceeds	\$ 2,750,000
Interest expense paid	\$ 127,541

See accompanying notes

BOONE COUNTY PUBLIC SAFETY COMMUNICATIONS CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE A - REPORTING ENTITY

The Boone County Public Safety Commissions Center (PSCC) formerly (Public Safety Communications Center of Florence and Boone County) was created by an inter-governmental agreement between the County of Boone, Kentucky (County) and the Cities of Florence and Walton, Kentucky (Cities). The County and the Cities entered into the agreement on January 23, 1979, pursuant to the authority of the Interlocal Cooperation Act (KRS 65.320, et.seq.) which allows local governmental units to make the most efficient use of their resources by enabling them to cooperate on the basis of mutual advantage.

This agreement is perpetual in duration but may be terminated by either party at the end of any calendar year without any further obligation or liability upon ninety days written notice to the other party.

The purpose of PSCC is to consolidate the communication systems and the police files and records of the County and City.

PSCC receives funding from county and city governments and must comply with the requirements of these funding sources. However, PSCC is not included in any other governmental "reporting entity" as defined by the Government Accounting Standards Board.

These financial statements do not include assessments collected as part of Boone County Fiscal Court's resolution (R-12-17-91-01) for the Enhanced Emergency 911 Telephone System. The PSCC does receive the benefit of this assessment through purchases and financing of equipment and payment of operating expenses made directly by the Boone County Fiscal Court. Effective July 1, 1996, these expenditures are in these financial statements, and are also reported in Boone County Fiscal Court's financial statements.

During the fiscal year ended June 30, 2001, \$3,136,420 in expenditures by the Boone County Fiscal Court of 911 Funds benefited the PSCC. These expenditures include \$1,218,609 in equipment maintenance, depreciation, lease contracts and utility costs.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Boone County Public Safety Communications Center conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies.

Basis of Accounting

The accrual basis of accounting is used whereby revenues are recognized when earned rather than when collected and expenses are recognized when the liability is incurred rather than when paid.

BOONE COUNTY PUBLIC SAFETY COMMUNICATIONS CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001

Cash and Cash Equivalents

For purposes of the statement of cash flows, the PSCC considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Fixed Assets

Improvements, equipment and furniture are stated at cost and depreciated using the straight-line method over the following estimated useful lives:

Leasehold Improvements	5-10 years
Technical and Mechanical Equipment	10-20 years
Office Furniture and Equipment	5-10 years
Computer Equipment	10-15 years
Capitalized leases	10-years

During the current fiscal year, \$14,575 was expended for the purchase of office furniture and equipment utilizing PSCC funds and \$1,981,789 in 911 funds. Depreciation expense for the year ended June 30, 2001 was \$2,004 on PSCC funded acquisitions and \$533,004 on 911 funded acquisitions.

Uncompensated Absences

Employees of the PSCC are entitled to paid vacation depending on length of service. At June 30, 2001, the value of accumulated vacation was \$39,422. Financial Accounting Standards Board Statement No. 43 requires accrued employee vacation benefits be recorded in the financial statements. Sick leave is not accrued because it does not vest; employees are not paid for any sick leave at termination of employment.

Advertising

Advertising costs, which are included in contractual services, are expensed as incurred. Advertising expense was \$8,550 for the year ended June 30, 2001.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

BOONE COUNTY PUBLIC SAFETY COMMUNICATIONS CENTER NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2001

Concentrations of Risk

PSCC's total operating revenues are mainly derived from Boone County and the City of Florence. Boone County provides approximately 90.32% of operating revenues and the City of Florence provides approximately 9.42% of PSCC operating revenues.

NOTE C - OPERATING LEASE

PSCC leases a van through Provident Auto Leasing. This lease is dated July 15, 1998 for a four year period. The monthly lease payments are \$338.80.

Effective August 31, 2000, PSCC entered a written thirty-six year lease for office space at \$57,387 per annum. Through Provident Leasing Company, PSCC leases a van for \$339 per month for forty-eight months.

The PSCC leases tower space in Walton, Kentucky on a multi-year basis from Mr. and Mrs. John Baker for a period of ten years. This lease is dated February 1, 1994 and expires January 31, 2005.

The following is a schedule by year of future minimum lease payments required under these operating leases:

	Provident Leasing	Office Space	Walton	Total
2002	\$ 4,066	\$ 57,387	\$ 6,600	\$ 68,053
2003	-	57,387	6,600	63,987
2004	-	57,387	6,600	63,987
2005	-	57,387	3,850	61,237
2006	-	57,387	-	57,387
Thereafter	-	1,382,070	-	1,382,070
Total	\$ <u>4,066</u>	\$ <u>1,669,005</u>	\$ <u>23,650</u>	\$ <u>1,696,721</u>

The above operating leases, except for the office space, are paid by the Boone County Fiscal Court from "911 Funds".

NOTE D - CAPITALIZED LEASES

Through the Boone County Fiscal Court in collecting and disbursing 911 funds, PSCC leases \$4,700,000 in communication and data processing equipment categorized as capital leases.

<p>BOONE COUNTY PUBLIC SAFETY COMMUNICATIONS CENTER NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2001</p>
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The following is a schedule of future capitalized lease payments as of June 30, 2001:

	Fifth Third Bank	Fifth Third Bank	PNC Bank	Total
2002	\$ 114,353	\$ 113,076	\$ 510,051	\$ 737,480
2003	114,353	113,076	510,051	737,480
2004	114,353	28,269	510,051	652,673
2005	57,177	-	510,051	567,228
2006	-	-	510,051	510,051
Thereafter	-	-	510,051	510,051
Total payments	400,236	254,421	3,060,306	3,714,963
Less: interest	37,420	14,618	474,885	526,923
Principal outstanding	\$ <u>362,816</u>	\$ <u>239,803</u>	\$ <u>2,585,421</u>	\$ <u>3,188,040</u>

NOTE E - FUNDING

The operating revenue (not including "911 Funds") of PSCC is generally funded by the City of Florence, Kentucky (25%) and the County of Boone, Kentucky (75%). The Kentucky City of Walton also provides funding.

NOTE F - RETIREMENT PLAN

PSCC participates in a contributory money purchase deferred compensation plan that covers all employees. Effective February 1, 1999, the deferred compensation plan expense was increased to 14% from 11.85% of employee compensation. Employees contribute 4% of gross wages. Retirement benefits are determined by the value of the individual employee's account at retirement. Bransford Retirement Plans Services, Inc. administer the plan, plan contribution expense for the 2000/2001 fiscal year was \$134,257.



Van Gorder, Walker & Co., Inc.
Certified Public Accountants

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

**Board of Directors
Boone County Public Safety Commission Center
Florence, Kentucky**

We have audited the financial statements of the Boone County Public Safety Communications Center as of and for the year ended June 30, 2001, and have issued our report thereon dated September 4, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether the Boone County Public Safety Communications Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Boone County Public Safety Communications Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the

risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider a material weakness.

This report is intended for the information of the Board of Directors and management. However, this report is a matter of public record and its distribution is not limited.

Van Gorder, Walker & Co., Inc.

Van Gorder, Walker & Co., Inc.
Covington, Kentucky
September 4, 2001