ROLLINS INC
Form 11-K
June 15, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]**

For the fiscal year ended December 31, 2011.

OR

o **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]**

For the transition period from to

Commission file number 1-4422

A. Full title of the plan and address of the plan, if different from that of issuer named below:

Western Industries North, LLC

Western Industries Retirement Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive offices:

ROLLINS, INC.

2170 PIEDMONT ROAD, N.E.

ATLANTA, GA 30324

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Western Industries Retirement Savings Plan

Financial Statements

December 31, 2011 and 2010

Contents

Note: Other schedules required by 29 CFR 2520.103-10 of the Department of Labor s Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Plan Administrator and Participants of the

Western Industries Retirement Savings Plan

We have audited the accompanying statements of net assets available for benefits of **Western Industries Retirement Savings Plan** (the Plan) as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year ended December 31, 2011. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (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. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2011 and 2010, and the changes in its net assets available for benefits for the year ended December 31, 2011, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2011 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Windham Brannon, P.C.

Atlanta, Georgia

June 12, 2012

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WESTERN INDUSTRIES

RETIREMENT SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2011 and 2010

	2011	2010
ASSETS		
INVESTMENTS, at fair value:		
Mutual funds	$ 22,873,764	$ 24,123,064
Rollins, Inc. common stock	1,498,266	1,437,575
Synthetic Guaranteed Investment Contract	28,143,902	26,372,607
Total Investments	52,515,932	51,933,246
RECEIVABLES:		
Employer contribution receivable	991,009	979,655
Notes receivable from participants	1,588,075	1,527,990
Total Receivables	2,579,084	2,507,645
NET ASSETS AVAILABLE FOR BENEFITS AT FAIR VALUE	55,095,016	54,440,891
Adjustment from fair value to contract value relating to fully benefit-responsive investment contracts	(1,905,079)	(1,054,475)
NET ASSETS AVAILABLE FOR BENEFITS	$ 53,189,937	$ 53,386,416

The accompanying notes are an integral part of these financial statements.

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WESTERN INDUSTRIES

RETIREMENT SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS

AVAILABLE FOR BENEFITS

For The Year Ended December 31, 2011

ADDITIONS:		
Investment Income:		
Net change in fair value of mutual funds	$	(447,156)
Net change in contract value of Synthetic GIC		997,048
Net change in fair value of Rollins, Inc. common stock		174,659
Dividend income on Rollins, Inc. common stock		18,673
Total Investment Gain		743,224
Interest on notes receivable from participants		73,379
CONTRIBUTIONS:		
Participants		1,830,506
Employer		1,282,070
Rollovers		87,869
Total Contributions		3,200,445
Total Additions		4,017,048
DEDUCTIONS :		
Distributions to participants		4,191,637
Participant transaction charges		6,150
Total Deductions		4,197,787
NET DECREASE		(180,739)
TRANSFERS OUT OF PLAN		(15,740)
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year		53,386,416
End of year	$	53,189,937

The accompanying notes are an integral part of these financial statements.

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WESTERN INDUSTRIES RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

1. DESCRIPTION OF PLAN

The following description of the Western Industries Retirement Savings Plan (the Plan) is provided for general information purposes. Participants should refer to the Plan agreement for a more complete description of the Plan s provisions.

General

The Plan, as amended and restated, is a defined contribution plan covering eligible employees of Western Industries North, LLC (the Company and the Plan Sponsor) and Western Industries South, LLC. Rollins, Inc. is the Company s parent. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Plan administrator has the discretion to provide for transfer to and from defined contribution plans maintained by related companies. This provision is intended primarily to facilitate the periodic transfers to and from the Rollins 401(k) Plan (Rollins Plan) or the Waltham Services, LLC Tax-Favored Employees Savings Plan (Waltham Plan), without requiring participant elections, but may also apply to other 401(k) plans from other acquisitions.

The Plan has designated the Plan investment fund invested primarily in Rollins, Inc. Common Stock as an employee stock ownership plan within the meaning of Section 4975(e)(7) of the Internal Revenue Code (the Code). The Administrative Committee may allow participants to elect to receive dividends on Rollins, Inc. Common Stock or to have such dividends paid to the Plan and reinvested in Rollins, Inc. Common Stock. Participants may exercise voting, tendering and similar rights with respect to shares of Rollins, Inc. Common Stock held in their accounts under the Plan.

Eligibility

Employees are eligible to participate in the Plan following completion of three months of service for fulltime employees and one year of service in which at least 1,000 hours of work was completed for non-fulltime employees. Employees enter the Plan on the first day of the quarter following attainment of eligibility requirements.

Contributions

Eligible employees are automatically enrolled in the Plan, and pre-tax contributions are withheld at 3% of eligible compensation, unless the employee elects differently. Participants may elect to contribute up to 75% of eligible compensation as defined by the Plan, subject to a maximum of $16,500 in 2011. Participants age 50 or older may also make additional catch-up contributions limited to $5,500 in 2011. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollovers). The Company matches each participant s contribution equal to $0.50 for each $1.00 contributed limited to the first 3% of the participant s compensation. The Company match is contributed to employees each pay period.

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WESTERN INDUSTRIES RETIREMENT SAVINGS PLAN

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Discretionary contributions made by the Company under a profit sharing program are determined at the end of the year by the Company s Board of Directors. Participants whose compensation is in excess of the Social Security taxable wage base receive an allocation equal to the greater of 5.7% or a percentage equal to the Social Security contribution rate in effect at the beginning of the Plan year of such excess compensation. The contributions remaining after making the allocation, if any, are allocated to all eligible participants based on the ratio of a participant s compensation to the total compensation of all eligible participants, provided the participant has completed 1,000 hours of service during the Plan year and is an employee on the last day of the Plan year. No discretionary profit sharing contributions were made in 2011.

Additional discretionary Company contributions are determined at the end of the year by the Company s Board of Directors. The Company can elect to provide an additional discretionary contribution up to three percent of a participant s compensation. To be eligible for the additional discretionary contribution, the participant must be actively employed on the last day of the Plan s year and have completed 1,000 hours of service during the Plan year. An additional discretionary contribution of $989,797 was made for 2011.

Participant Accounts

Each participant s account is credited with the participant s contributions, rollovers, the Company s contribution and earnings on the investments in their account, and is charged with specific transaction fees. Participants direct the investment of their contributions and any Company contributions into various investment options offered by the Plan. The Plan currently offers thirteen mutual funds, one synthetic guaranteed investment contract, and Rollins, Inc. Common Stock as investment options for participants. Participants may change their investment options on a daily basis. The default investment fund is selected by the Administrator. The Administrator has elected GoalMaker (an asset allocation model based on the participants expected retirement date which includes various fund options offered by the Plan) as the default investment option. The benefit to which a participant is entitled is the benefit that can be provided from the participant s vested account.

Notes Receivable from Participants

Participants may obtain loans from the Plan up to 50% of their vested account balance or $50,000, whichever is less, with a minimum of $1,000. Loans bear interest at a reasonable rate commensurate with current interest rates charged for loans made under similar circumstances by persons in the business of lending money, are collateralized by a participant s account balance and may not exceed 5 years, or 15 years if used for the purchase of a residence. Loans are generally payable through payroll deductions and only one loan may be outstanding at a time.

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WESTERN INDUSTRIES RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

Vesting

Participants are vested immediately in their contributions, plus actual earnings thereon. Upon normal retirement, disability, or death, each participant is 100% vested in the Company s contributions. Participants vest in the Company s additional discretionary and profit sharing contributions based on the following schedule:

Years of Credit Service	Vesting
Less than 2 years	0%
Between 2 and 3 years	20%
Between 3 and 4 years	40%
Between 4 and 5 years	60%
Between 5 and 6 years	80%
6 years or more	100%

Participants hired prior to January 1, 2007 vest in the additional discretionary and profit sharing contributions based on a vesting schedule that begins after 3 years and earns 20% each year thereafter through seven years of service.

A participant s vested percentage in the Company match contributions is determined in accordance with the following schedule:

Years of Credit Service	Vesting
Less than 1 year	0%
Between 1 and 2 years	20%
Between 2 and 3 years	40%
Between 3 and 4 years	60%
Between 4 and 5 years	80%
5 years or more	100%

Forfeitures

Forfeitures are created when participants terminate employment before becoming vested in the Company s contributions. Forfeitures were $15,920 at December 31, 2011 and $251 at December 31, 2010. Forfeitures are used to reduce employer matching contributions to the Plan.

Forfeitures of $155,382 were used in 2011 to reduce the Company s matching contribution.