

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT-  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
WITH  
INDEPENDENT AUDITORS' REPORT

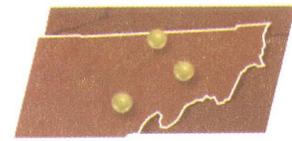
For the Year Ended June 30, 2010

WASHINGTON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT -  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE

TABLE OF CONTENTS

---

	<u>PAGE NUMBER</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Financial Statements	
Statement of Net Assets	6
Statement of Revenues, Expenses and Changes in Net Assets	7
Statement of Cash Flows	10
Notes to the Financial Statements	12
Required Supplementary Information	
Schedule of Funding Progress for Pension Plan and Postemployment Healthcare Plan	22
Supplementary Information	
Schedule of Expenditures of State Awards	23
Budgetary Comparison Schedule	24
Schedule of Information Required by State	27
Roster of Board Members and Management	28
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	29
Schedule of Findings and Responses	31



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Washington County Emergency  
Communications District  
P. O. Box 448  
Johnson City, Tennessee 37605

We have audited the accompanying basic financial statements of the Washington County Emergency Communications District, (the District) a component unit of Washington County, Tennessee, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Washington County Emergency Communications District'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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Washington County Emergency Communications District, a component unit of Washington County, Tennessee as of June 30, 2010, and the respective changes in financial position and cash flows thereof 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 November 10, 2010, on our consideration of the Washington County Emergency Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 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 should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America required that the management's discussion and analysis and budgetary comparison information on pages 3 through 5 and pages 24 through 26 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Washington County Emergency Communications District, a component unit of Washington County, Tennessee's financial statements. The supplementary information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the financial statements of Washington County Emergency Communications District, a component unit of Washington County, Tennessee. The Schedule of Expenditures of State Awards, Budgetary Comparison Schedule, Schedule of Information Required by State and Roster of Board Members and Management are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

*Blackburn, Childers + Steagall, PLC*  
BLACKBURN, CHILDERS AND STEAGALL, PLC

November 10, 2010



**WASHINGTON COUNTY  
EMERGENCY COMMUNICATIONS DISTRICT**

401 ASHE STREET • P.O. BOX 448  
JOHNSON CITY, TENNESSEE 37605  
423/928-9111 • FAX 423/979-2324

Management's Discussion and Analysis

As financial management of the Washington County Emergency Communications District (the "District"), a component unit of Washington County, Tennessee, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2010. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

FINANCIAL HIGHLIGHTS

Operating income for the Emergency Communications District was \$1,854,401 for fiscal year 2010. This was a decrease of 4% from the previous year. The District's current 9-1-1 surcharge rate for wireline customers is \$1.50 for residential customers and \$3.00 business. The State's current wireless 9-1-1 surcharge rate is \$1.00 per access number and is collected and remitted to the District by the State Emergency Communications Board based on 25% of the revenue generated by such a charge to each Communications District based on the proportion of the population of each District to that of the State using the most current federal census. The term "net assets" refers to the difference between assets and liabilities. At the close of the fiscal year 2010, the District had net assets of \$1,884,106, a decrease of 7.75% over the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements, which consists of the basic financial statements and the notes to the financial statements. The District is a separate government entity, which was established by referendum. The City of Johnson City Commission and Washington County Commission contracts with the District as the single Communications Center for both Johnson City and Washington County. The District's basic financial statement includes Operating and Non Operating revenue. Operating revenue monies are 9-1-1 surcharges collected by the District's teleco, Embarq and CLECs. Non-operating revenue monies are appropriated by City of Johnson City and Washington County for dispatching services, and police information services. The District also received Non-operating revenue from alarm vendors for monitoring services; monies from other agencies and public for services provided and interest revenue from financial institutions. This report also contains other supplementary information concerning the District's budget to actual comparison and certain non-financial information required by the Tennessee Emergency Communications Board.

Basic financial statements: The basic financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Increases to assets without a corresponding increase to liabilities, results in increased net assets, which indicates an improved financial position.

The Statement of Revenues, Expenses, and Changes in Net Assets present information showing how the District's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Notes to the financial statements: The notes provide additional information that is essential to full understanding of the data provided in the basic financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's budget to actual comparison and certain non-financial information required by the Tennessee Emergency Communications Board.

## FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities by \$1,884,106 at the close of June 30, 2010. This represents a decrease of 7.75% the previous year. The unrestricted net assets were \$1,000,186.

Total assets at year end are \$2,285,632 which includes \$1,401,712 of current assets and \$883,920 capital assets. Total assets increased \$101,181 from previous year.

Total program revenue for the year was \$2,960,735 compared to \$3,080,869 in the previous year, a decrease of \$120,134. Program revenues include telephone surcharge, appropriations, state, grant and reimbursements, charges for audio tapes and alarm revenues. General revenues for the year were \$24,261 compared to \$43,744 in previous year, a decrease of \$19,483. Total revenue was \$2,984,996 compared to \$3,124,613 in 2009, a decrease of \$139,617.

Total program expenses including salaries, benefits, contracted services, supplies and other were \$2,714,961 for the year compared to \$2,622,853 in previous year for an increase of \$92,108.

Total expenses for the year were \$2,851,427 compared to \$2,756,905 in the previous year, an increase of \$94,522.

The District's net assets reflect its investment in Money Market Account and Certificates of Deposits. These are in various local financial institutions all of which are members of the Tennessee State Collateral Pool. The majority of these funds invested in certificates of deposits are expected to be used to purchase capital assets over the next five years. This plan includes a major upgrade the District's communications equipment due to the next generation requirements, software upgrades, and auditors' recommendation of funds reserve.

## SIGNIFICANT EVENTS

During the year ended June 30, 2010, the District completed the major updated to the radio communications operating system at the cost of \$388,789 which included new radio dispatching consoles, portable radios, networking equipment, and wireless communications equipment. This upgrade was necessary due to the City of Johnson City upgrade and replacement of their radio system. The District purchased a 2010 Ford Escape for GIS/Addressing Department. The District upgraded its computer aided dispatch system with new hardware and software. The District Board of Directors made two major personnel policy changes this year. The sick leave policy was amended to offer sick time payout at termination when an employee retires from the District under the TCRS guidelines. The retiree health benefit policy was amended to include any employee with 25 years continuous service and age 62 be eligible for retiree health insurance benefits. The District received \$40,000 training reimbursement from the State Emergency Communication Board (ECB). The State ECB also changed their policy on wireless infrastructure and the District received an additional \$55,000 operation monies.

## CASH FLOW

Net cash used for operating activities decreased \$84,835. Net cash used for capital and related financing activities increased by \$346,836. Interest income decreased by \$11,769 and is reflected in the cash flow investment activities.

## BUDGETING HIGHLIGHTS

The original 2009-2010 budget approved in October 2009 was amended in May 2010, June 2010, and August 2010. The original and final budgets are presented as separate columns in the required supplementary information. The under budget items resulted from employee hiring and turn over and changes to maintenance agreements.

## CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The District's investment in capital assets amounts to \$883,920, net of accumulated depreciation as of June 30, 2010, an increase of \$364,868. Capital assets primarily include improvements to building, new radio communications equipment, a new vehicle, additional CAD hardware, and software upgrades to enhance the District's Communications Center.

Long Term Debt: The District has no long term debt as of June 30, 2010.

## REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Director, Washington County Emergency Communications District, P.O. Box 448, Johnson City, Tennessee 37605.



---

Bob McNeill,  
Director

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT-  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
STATEMENT OF NET ASSETS  
June 30, 2010

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 586,145	
Certificate of Deposit: Long - Term	692,996	
Accounts Receivable	101,278	
Prepaid Expenses	<u>21,293</u>	
Total Current Assets		1,401,712

CAPITAL ASSETS

Building Improvements	532,124	
Vehicles	51,618	
Communication and Office Equipment	1,448,386	
Furniture and Fixtures	57,678	
Less: Accumulated Depreciation	<u>(1,205,886)</u>	
Total Capital Assets		<u>883,920</u>

TOTAL ASSETS		<u>2,285,632</u>
--------------	--	------------------

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	100	
Payroll Deduction Payable	26,766	
Accrued Payroll	6,640	
Compensated Absences Payable	<u>313,352</u>	
TOTAL CURRENT LIABILITIES		<u>346,858</u>

NONCURRENT LIABILITIES

Other Post Employment Benefits	<u>54,668</u>	
TOTAL NONCURRENT LIABILITIES		<u>54,668</u>

TOTAL LIABILITIES		<u>401,526</u>
-------------------	--	----------------

NET ASSETS

Invested in Capital Assets	883,920	
Unrestricted Net Assets	<u>1,000,186</u>	
TOTAL NET ASSETS		<u>\$ 1,884,106</u>

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

WASHINGTON COUNTY EMERGENCY COMMUNICATION DISTRICT-  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
For the Year Ended June 30, 2010

<b>OPERATING REVENUE</b>		
Emergency Telephone Service Charge	\$ 1,235,825	
Tennessee Emergency Communications Board		
Shared Wireless Charge	310,952	
Operational Funding	290,009	
Other Operating Revenues		
Tape Revenue	3,034	
Alarm Revenue	11,695	
Other	<u>2,886</u>	
Total Operating Revenues		<u>1,854,401</u>
 <b>OPERATING EXPENSES</b>		
Salaries and Wages		
Director	74,774	
Administrative Personnel	135,606	
Dispatchers	688,503	
Telecommunications	76,653	
GIS Coordinator	32,085	
Part-time Personnel	31,763	
Dispatch Supervisors	158,060	
Training Supervisor	43,892	
Assistant Director	65,593	
Overtime Pay	81,217	
Pay Bonuses	25,368	
Holiday Pay	49,863	
Vacation and Sick Pay	141,728	
Compensatory Time Pay	<u>13,820</u>	
		1,618,925
Employee Benefits		
Social Security	95,463	
Medicare	23,486	
Life Insurance	11,027	
Medical Insurance	302,857	
Dental Insurance	25,949	
Retirement Contributions	178,525	
Other Post Employment Benefits	54,668	
Unemployment Compensation	<u>9,925</u>	
		701,900

(Continued)

WASHINGTON COUNTY EMERGENCY COMMUNICATION DISTRICT-  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
For the Year Ended June 30, 2010

OPERATING EXPENSES (CONTINUED)

Contracted Services		
Audit Services	5,300	
Administrative Fees	53,113	
Contracts with Private Agencies	111,848	
Financial Advisor Services	3,988	
Janitorial Expense	285	
Language Line	1,182	
Legal Services	500	
Maintenance Agreements	79,199	
Pest Control	680	
NCIC/TBI/TIES	7,541	
Maintenance and Repairs - Communication Equipment	156	
Maintenance and Repairs - Office Equipment	466	
Maintenance and Repairs - Building and Facilities	9,658	
Maintenance and Repairs - Vehicles	<u>389</u>	274,305
Supplies/Materials		
Small Equipment Purchases	5,760	
Office Supplies	4,284	
Postage	808	
Custodial Supplies	4,892	
Data Processing Supplies	3,814	
Uniforms and Shirts	2,947	
Utilities - Electric	19,568	
Utilities - Gas	2,199	
Utilities - Water	3,752	
Utilities - Phones	<u>19,630</u>	67,654
Other Charges		
Board Meeting Expenses	1,298	
Insurance - Workers Compensation	7,451	
Insurance- Equipment	100	
Insurance - Liability	3,749	
Insurance - Building and Contents	5,819	
Insurance - Vehicles	1,317	
Bank Charges	30	
Dues and Membership	1,518	
Legal Notices	244	
Public Education	1,325	
Employee Testing and Exams	480	
Premiums on Surety Bonds	4,698	
Service Awards	1,345	
Training Expenses	10,807	
Travel Expenses	7,493	
Fuel Charges	2,785	
Internet Charges	<u>1,718</u>	52,177

(Continued)

WASHINGTON COUNTY EMERGENCY COMMUNICATION DISTRICT-  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
For the Year Ended June 30, 2010

---

OPERATING EXPENSES (CONTINUED)		
Total Operating Expenses		<u>2,714,961</u>
OPERATING LOSS BEFORE DEPRECIATION		(860,560)
LESS: DEPRECIATION		<u>(136,466)</u>
OPERATING LOSS		(997,026)
NONOPERATING REVENUES (EXPENSES)		
Contributions from Primary Government	546,246	
Contributions from Other Government Agencies	550,088	
Tennessee Emergency Communications Board - Grants and Reimbursements	10,000	
Interest Income	<u>24,261</u>	
TOTAL NONOPERATING REVENUES (EXPENSES)		<u>1,130,595</u>
INCREASE IN NET ASSETS		<u>133,569</u>
NET ASSETS, JULY 1, 2009		2,042,650
PRIOR PERIOD ADJUSTMENT - COMPENSATED ABSENCES		<u>(292,113)</u>
NET ASSETS, JULY 1, 2009 RESTATED		<u>1,750,537</u>
NET ASSETS, JUNE 30, 2010		<u>\$ 1,884,106</u>

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

WASHINGTON COUNTY EMERGENCY COMMUNICATION DISTRICT-  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2010

---

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received From Surcharges	\$ 1,246,182	
Cash Received From Other Entities	766,646	
Cash Payments to Employees	(1,649,222)	
Cash Payments for Employee Benefits	(703,991)	
Cash Payments for Contracted Services	(278,503)	
Cash Payments for Supplies	(67,654)	
Cash Payments for Other Charges	<u>(52,177)</u>	
Net Cash Used for Operating Activities		(738,719)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Grants/Reimbursements TECB	10,000	
Allocations from Primary Government	546,246	
Other Local Government Allocations	<u>550,088</u>	
Net Cash Provided by Noncapital Financing Activities		1,106,334
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Purchase of Capital Assets	<u>(501,334)</u>	
Net Cash Used for Capital Financing Activities		(501,334)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Certificates of Deposit: Long-Term	(692,996)	
Sale of Certificates of Deposit: Long-Term	800,000	
Interest Income Received	<u>24,261</u>	
Net Cash Provided by Investing Activities		<u>131,265</u>
<b>NET INCREASE (DECREASE) IN CASH</b>		(2,454)
<b>CASH AND CASH EQUIVALENTS AT JULY 1, 2009</b>		<u>588,599</u>
<b>CASH AND CASH EQUIVALENTS AT JUNE 30, 2010</b>		<u><u>\$ 586,145</u></u>

(Continued)

WASHINGTON COUNTY EMERGENCY COMMUNICATION DISTRICT-  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2010

---

RECONCILIATION OF OPERATING LOSS TO NET CASH  
PROVIDED BY (USED FOR) OPERATING ACTIVITIES

Operating Loss		\$ (997,026)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities		
Depreciation	136,466	
(Increase) Decrease in Accounts Receivable	10,357	
(Increase) Decrease in Prepaid Expense	(4,198)	
(Increase) Decrease in Due From State	148,070	
Increase (Decrease) in Accrued Payroll	(52,968)	
Increase (Decrease) in Payroll Deductions	(2,091)	
Increase (Decrease) in Other Post Employment Benefits	54,668	
Increase (Decrease) in Compensated Absences	<u>(31,997)</u>	
		<u>258,307</u>
NET CASH USED FOR OPERATING ACTIVITIES		<u><u>\$ (738,719)</u></u>

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

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

---

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

Washington County Emergency Communications District (WCECD) is an emergency communications district under *Tennessee Code Annotated Section 7-86*. WCECD has established the number 911 as a primary emergency telephone number to provide emergency service quickly and efficiently.

The financial statements of WCECD have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. GASB Statement No. 20 gives proprietary funds the option of applying all FASB statements and interpretations issued after November 30, 1989, unless they conflict with or contradict GASB pronouncements. WCECD has not implemented FASB statements and interpretations issued thereafter, unless they are adopted by GASB.

WCECD is a discretely presented Component Unit of Washington County, Tennessee. WCECD is a separate legal entity and is not fiscally dependent upon Washington County. However, the WCECD Board of Directors is appointed by the County Mayor and Washington County has the ability to significantly influence the programs, projects, activities and level of services provided by WCECD.

WCECD began operations December 1, 1986, and operates as an Enterprise Fund. The Board of Directors authorized the Sprint-United Telephone Company to begin charging the 911 surcharge to all customers in Washington County and the City of Johnson City on January 1, 1987. The surcharge is \$1.50 per residential subscriber and \$3.00 per line for commercial subscribers up to a maximum 100 lines. The lines actually belong to the phone company and are leased annually by 911.

Program revenue includes service charges, alarm, tape and other revenues, contributions, state and insurance reimbursements. Nonoperating revenues are identified in accordance with the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts*.

When an expense is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first.

Basis of Accounting

WCECD utilizes the full accrual basis of accounting. Revenue is recognized in the period in which it is earned and measurable; likewise, expenses are recognized when incurred, if measurable.

Cash and Deposits

Cash on the statements of net assets and cash flows includes petty cash, cash on hand, demand deposits, and certificates of deposit with an original maturity of three months or less. The certificate of deposit: long-term has an original maturity of greater than three months. There are no investments at June 30, 2010.

Cash and Certificates of Deposit: Long-Term are all covered by FDIC insurance or by the state collateral pool.

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

---

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Cash and Deposits (Continued)

The District is exposed to concentration of credit risk by placing its deposits in financial institutions. The District has mitigated the risks because the bank balance in excess of the FDIC limit is collateralized by the State of Tennessee bank collateral pool.

Compensated Absences

Regular full time employees accrue (40) hours of vacation time after one (1) year of continuous employment, (80) hours after two (2) years of continuous employment, (88) hours after (5) years of continuous employment, (96) hours after (6) years of continuous employment, (104) hours after (7) years of continuous employment, (112) hours after (8) years of continuous employment, (120) hours after (9) years of continuous employment, and (120) hours thereafter of continuous employment. Regular full time employees who have completed (15) years of continuous employment will receive (128) hours of vacation time, (136) hours after (16) years of continuous employment, (144) hours after (17) years of continuous employment, (152) hours after (18) years of continuous employment, (160) hours after (19) years of continuous service.

Sick leave accrues at a rate of (8) hours per month. Sick leave days may accumulate with no maximum number of hours. An employee who has completed 15 years of service and is eligible to retire would be eligible for one or both of the following options: (1) upon retirement, an employee may elect to receive compensation equivalent to (2) days of sick leave at the employee's regular rate for every completed year of service, up to a maximum of 30 years, or option (2), the employee may receive service credits based upon a board approved formula.

Compensatory time may be earned at 1-1/2 times the regular rate of pay for time worked over forty (40) hours per work. Without the proper request, employees are paid this rate on their next paycheck.

Accounts Receivable

Accounts receivable at June 30, 2010 consist of various surcharges totaling \$101,157 and miscellaneous receivable of \$121. WCECD considers accounts receivable to be fully collectible; therefore, no allowance for uncollectibles has been recorded.

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

---

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – BUDGET

In accordance with Tennessee Code Annotated 7-86-120, an annual budget is adopted by the District. The budget is approved by the Board and is also submitted to the primary government, Washington County, Tennessee. Expenses are presented at the legal level of control which in accordance with the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* is the line-item level.

NOTE 3 - DEPOSITS AND INVESTMENTS

DEPOSITS - All deposits with financial institutions must be collateralized in an amount equal to 105% of the market value of uninsured deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the organization. The District does not have a policy for interest rate risk or other credit risk other than pledging securities for amounts in excess of FDIC coverage.

INVESTMENTS – Investments are allowed for the District in accordance with *TCA Section 5-8-301* which includes the provision that counties are authorized to make direct investments in bonds, notes or treasury bonds, notes or treasury bills of the U.S. Government and obligations guaranteed by the U.S. Government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the County's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The District may make investments with longer maturities if various restrictions set out in the State law are followed. The District is also authorized to make investments in the State Pooled Investment Fund and in repurchase agreements. Repurchase agreements must be approved by the State Director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. Government or obligations guaranteed by the U.S. Government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least 2% below the market value of the securities on the day of purchase.

As of June 30, 2010, the District held no investments.

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

NOTE 4 - FIXED ASSETS

Fixed assets are stated at cost. Depreciation is computed using the straight-line method and a life of 10 years for the renovations, 7 years for the furniture, 5-7 years for the equipment, and 5 years for the vehicles. The dollar threshold for capitalization is \$250.

Function and Activity

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Being Depreciated:				
Building Improvements	\$ 494,432	37,692	-	532,124
Vehicles	41,962	19,656	(10,000)	51,618
Office Equipment	1,005,212	443,174	-	1,448,386
Furniture and Fixtures	56,866	812	-	57,678
	<u>1,598,472</u>	<u>501,334</u>	<u>(10,000)</u>	<u>2,089,806</u>
Less Accumulated Depreciation For:				
Building Improvements	(256,483)	(26,613)	-	(283,096)
Vehicles	(25,468)	(7,703)	10,000	(23,171)
Office Equipment	(745,915)	(101,011)	-	(846,926)
Furniture and Fixtures	(51,554)	(1,139)	-	(52,693)
	<u>(1,079,420)</u>	<u>(136,466)</u>	<u>10,000</u>	<u>(1,205,886)</u>
 Total Capital Assets, Net	 <u>\$ 519,052</u>	 <u>364,868</u>	 <u>0</u>	 <u>883,920</u>

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

---

**NOTE 5 - PENSION PLAN**

***Washington County 911***

***Plan Description***

Employees of Washington County 911 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 3437 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Washington County 911 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.tn.gov/treasury/tcrs/PS/>.

***Funding Policy***

Washington County 911 has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll.

Washington County 911 is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2010 was 11.82% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Washington County 911 is established and may be amended by the TCRS Board of Trustees.

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

---

NOTE 5 - PENSION PLAN (CONTINUED)

***Annual Pension Cost***

For the year ending June 30, 2010, Washington County 911's annual pension cost of \$184,536 to TCRS was equal to Washington County 911's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Washington County 911's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 11 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

**Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost(APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2010	\$184,536	100.00%	\$0.00
June 30, 2009	\$172,556	100.00%	\$0.00
June 30, 2008	\$156,481	100.00%	\$0.00

As of July 1, 2009, the most recent actuarial valuation date, the plan was 76.68% funded. The actuarial accrued liability for benefits was \$3.00 million, and the actuarial value of assets was \$2.30 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.70 million. The covered payroll (annual payroll of active employees covered by the plan) was \$1.49 million, and the ratio of the UAAL to the covered payroll was 46.94%.

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, 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

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

---

NOTE 5 - PENSION PLAN (CONTINUED)

actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b) - (a)	(a/b)	(c)	
July 01, 2009	\$2,297	\$2,996	\$699	76.68%	\$1,489	46.94%
July 01, 2007	\$1,918	\$2,452	\$534	78.22%	\$1,271	42.01%

NOTE 6 - OPEB

Plan Types:

The District has adopted a plan that provides postemployment medical, dental, and vision benefits for retirees and their dependents. Upon retirement, individuals are eligible to continue to receive coverage under the employer's group medical, dental and vision plans.

The District offers post employment benefits for full time regular employees retiring under the Tennessee Consolidated Retirement System (TCRS) guidelines. There is no minimum age requirement with 30 years of service or age 60 with 25 years of service. If the employee transferred from the City of Johnson City in 1988, they are eligible to count their full time employment with the City toward the eligibility year requirement. Eligible retirees receive medical, vision and dental insurance until eligible for Medicare. If coverage for legal dependents is in place, the legal dependent's insurance benefit will cease when they are Medicare eligible. The eligible retirees will contribute two times the amount that a current active employee contributes. The surviving spouse can carry insurance for 60 days from the date of death of a retired employee at current rates. As of the effective date of the actuarial valuation, there was a total of 28 active participants. There have been no significant changes in the number covered or the type of coverage since the date of the actuarial valuation. The District has applied GASB 45 prospectively.

Funding Policy:

The contribution requirements of plan members are based on pay-as-you go financing requirements.

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

---

NOTE 6 - OPEB (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation:

The District's other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarial determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years. The following table shows the components of the District's costs for the year, the amount actually contributed to the plan, and changes in the OPEB obligation.

Annual OPEB Cost and Net OPEB Obligation

Annual Required Contribution (ARC)	\$ 29,650
Interest on net OPEB Obligation	-
Adjustment to ARC	-
Annual OPEB Cost (Expense)	29,650
Contribution Made (assumed end of year)	-
Increase in Net OPEB Obligation	29,650
Net OPEB Obligation - Beginning of Year	25,018
Net OPEB Obligation - End of Year	\$ 54,668

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 is as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 29,650	0%	\$ 54,668
6/30/2009	\$ 25,018	0%	\$ 25,018

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

---

NOTE 6 - OPEB (CONTINUED)

Funded Status and Funding Progress:

The funded status of the plan as of July 1, 2009, the date of the actuarial valuation was as follows:

Actuarial Valuation Date	<u>7/1/2008</u>
Actuarial Accrued Liability (AAL)	\$ 242,475
Actuarial Value of Plan Assets	0
Unfunded Actuarial Accrued Liability (UAAL)	\$ 242,475
Actuarial Value of Assets as a % of the AAL	0
Covered Payroll	\$ 1,611,000
UAAL as a Percentage of Covered Payroll	15%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions:

Projects of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following methods and assumptions were used.

The valuation date is July 1, 2008 and year 1 represents the period of July 1, 2008 to June 30, 2009. A discount rate of 4.5% was used to discount expected liabilities to the valuation dates. This is the approximate rate of return available on A rated municipal bonds with maturities of 30 years as of December 27, 2007. Future salaries are expected to increase at an annual rate of 3.0%. Average health care trend costs rates are assumed to increase by 11.5% (years 1 & 2), 11% (year 3), 10.5% (year 4), 10% (year 5), 9.5% (year 6), 9% (year 7), 8.5% (year 8), 8% (year 9), 7.5% (year 10), 7% (year 11), 6.5% (year 12), 6% (year 13), 5.5% (year 14) and 5% for years 15 and subsequent. The Projected Unit Credit Actuarial cost method was used to allocate the value of benefits to valuation years. The ARC was calculated using the level dollar amortization method, amortizing costs over 30 years on an open basis.

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

---

NOTE 7 - CONTRACT

WCECD has a contract for telephone access lines from Centurylink-United Telephone Southeast. The billing is reviewed annually based on the number of access lines in-service at calendar year end. The monthly rates for the fiscal year were \$8,382 based on 65,249 access lines. This monthly base rate is influenced by various additional charges including database, switching fees, transfers and other services. The telephone company has updated the rates effective July 1, 2010. The new rate will be \$7,874 based on the updated number of access lines.

NOTE 8 - RISK MANAGEMENT ACTIVITIES

The WCECD carries insurance coverage for property, auto liability, workman's compensation, general liability and contents. There have been no significant changes from the previous year in the types of coverage. There have been no claims in the past three years which were not covered by insurance.

NOTE 9 - SURCHARGE DETAIL

Below are amounts that comprise the Emergency Telephone Service Charge Total:

	<u>Actual</u>
Century Link	\$ 1,081,681
CLEC	<u>154,144</u>
	<u>\$ 1,235,825</u>

NOTE 10 - PRIOR PERIOD ADJUSTMENT

As noted on the Statement of Revenues, Expenses and Changes in Net Assets, a prior period adjustment of \$292,113 is reflected to properly record the accumulated balance of sick leave and compensatory leave.

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
SCHEDULE OF FUNDING PROGRESS FOR PENSION PLAN AND  
POSTEMPLOYMENT HEALTHCARE PLAN  
For the Year Ended June 30, 2010

---

Schedule of Funding Progress for Pension Plan

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Unfunded AAL (UAAL) <u>(b) - (a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
July 01, 2009	\$2,297	\$2,996	\$699	76.68%	\$1,489	46.94%
July 01, 2007	\$1,918	\$2,452	\$534	78.22%	\$1,271	42.01%

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method was a change made during the year and therefore only the most recent current year is presented.

Schedule of Funding Progress – Postemployment Healthcare Plan

Actuarial Valuation Date	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Unfunded AAL (UAAL) <u>(b) - (a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
July 01, 2008	\$ 0	\$242,475	\$242,475	0.0%	\$1,611,000	15%

See Independent Auditors' Report.

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Fiscal Year Ended June 30, 2010

CFDA Number	Grant Number	Program Name	Grantor Agency	Balance July 1, 2009 (Receivable)	Receipts	Qualifying Expenses	Balance June 30, 2010
N.A	N.A	GIS Maintenance Grant	Tennessee Department of Commerce and Insurance	\$ -	10,000	10,000	-
TOTAL STATE AWARDS				<u>\$ 0</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>

See Independent Auditors' Report.

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT-  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget - Under (Over)
	Original Budget	Final Budget	Actual Amounts	
<b>OPERATING REVENUE</b>				
Emergency Telephone Service Charge	\$ 1,301,411	1,214,485	1,235,825	21,340
TECB - Shared Wireless Charge	280,000	308,000	310,952	2,952
TECB - Operational Funding	234,923	290,000	290,009	9
Other Revenue				
Tape Revenue	1,500	2,765	3,034	269
Alarm Revenue	12,000	11,500	11,695	195
Other	6,250	2,886	2,886	-
<b>Total Operating Revenue</b>	<b>1,836,084</b>	<b>1,829,636</b>	<b>1,854,401</b>	<b>24,765</b>
<b>OPERATING EXPENSES</b>				
<b>Salaries and Wages</b>				
Director	80,500	78,500	74,774	3,726
Administrative Personnel	144,000	138,000	135,606	2,394
Dispatchers	750,000	735,337	688,503	46,834
Telecommunications	62,000	77,000	76,653	347
GIS Coordinator	32,000	32,000	32,085	(85)
Part-time Personnel	50,000	32,500	31,763	737
Dispatch Supervisors	161,000	159,621	158,060	1,561
Training Supervisors	46,000	45,500	43,892	1,608
Assistant Director	66,086	68,000	65,593	2,407
Overtime Pay	80,000	82,000	81,217	783
Pay Bonuses	29,880	25,375	25,368	7
Holiday Pay	47,500	50,000	49,863	137
Vacation and Sick Pay	139,161	175,090	141,728	33,362
Compensatory Time Pay	16,600	15,000	13,820	1,180
<b>Total Salaries and Wages</b>	<b>1,704,727</b>	<b>1,713,923</b>	<b>1,618,925</b>	<b>94,998</b>
<b>Employee Benefits</b>				
Social Security	105,693	106,000	95,463	10,537
Medicare	24,718	25,000	23,486	1,514
Life Insurance	10,000	12,500	11,027	1,473
Medical Insurance	339,038	305,000	302,857	2,143
Dental Insurance	28,000	26,500	25,949	551
Disability	2,500	-	-	-
Retirement Contributions	194,406	193,406	178,525	14,881
Other Post Employment Benefits	50,000	50,000	54,668	(4,668)
Unemployment Compensation	100	11,683	9,925	1,758
<b>Total Employee Benefits</b>	<b>754,455</b>	<b>730,089</b>	<b>701,900</b>	<b>28,189</b>

(Continued)

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT-  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget - Under (Over)
	Original Budget	Final Budget	Actual Amounts	
<b>OPERATING EXPENSES (CONTINUED)</b>				
<b>Contracted Services</b>				
Advertising	200	200	-	200
Audit Services	5,300	5,300	5,300	-
Administrative Fees	45,000	53,500	53,113	387
Contracts with Private Agencies	111,000	112,000	111,848	152
Financial Advisor Services	-	4,000	3,988	12
Janitorial Expense	1,200	285	285	-
Language Line	1,000	1,250	1,182	68
Legal Services	500	500	500	-
Maintenance Agreements	80,390	85,914	79,199	6,715
Pest Control	680	680	680	-
NCIC/TBI/TIES	7,690	7,550	7,541	9
Maintenance and Repairs - Communication Equipment	1,500	175	156	19
Maintenance and Repairs - Office Equipment	200	500	466	34
Maintenance and Repairs - Building and Facilities	5,000	9,660	9,658	2
Maintenance and Repairs - Vehicles	1,000	400	389	11
<b>Total Contracted Services</b>	<b>260,660</b>	<b>281,914</b>	<b>274,305</b>	<b>7,609</b>
<b>Supplies/Materials</b>				
Small Equipment Purchases	5,000	7,000	5,760	1,240
Office Supplies	4,500	4,500	4,284	216
Postage	1,500	1,000	808	192
Custodial Supplies	3,500	5,000	4,892	108
Data Processing Supplies	6,000	4,500	3,814	686
Uniforms and Shirts	6,000	3,500	2,947	553
Utilities - Electric	21,300	21,300	19,568	1,732
Utilities - Gas	4,400	4,400	2,199	2,201
Utilities - Water	4,000	4,000	3,752	248
Utilities - Phones	22,000	22,000	19,630	2,370
<b>Total Supplies/Materials</b>	<b>78,200</b>	<b>77,200</b>	<b>67,654</b>	<b>9,546</b>

(Continued)

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT-  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Under (Over)
	Original Budget	Final Budget		
<b>OPERATING EXPENSES (CONTINUED)</b>				
Other Charges				
Board Meeting Expenses	1,800	1,800	1,298	502
Insurance - Workers Compensation	10,391	10,391	7,451	2,940
Insurance- Equipment	110	110	100	10
Insurance - Liability	4,100	4,100	3,749	351
Insurance - Building and Contents	6,300	6,300	5,819	481
Insurance - Vehicles	1,500	1,500	1,317	183
Bank Charges	-	30	30	-
Dues and Membership	1,700	1,700	1,518	182
Legal Notices	250	250	244	6
Licenses and Fees	-	250	-	250
Public Education	1,000	1,400	1,325	75
Employee Testing and Exams	500	500	480	20
Premiums on Surety Bonds	5,100	5,100	4,698	402
Service Awards	2,100	2,100	1,345	755
Training Expenses	12,000	12,000	10,807	1,193
Travel Expenses	12,000	12,000	7,493	4,507
Fuel Charges	3,400	3,400	2,785	615
Internet Charges	2,500	1,820	1,718	102
Total Other Charges	<u>64,751</u>	<u>64,751</u>	<u>52,177</u>	<u>12,574</u>
Depreciation				
Depreciation Expense	100,000	145,000	136,466	8,534
Total Depreciation Expense	<u>100,000</u>	<u>145,000</u>	<u>136,466</u>	<u>8,534</u>
OPERATING INCOME (LOSS)	(1,126,709)	(1,183,241)	(997,026)	186,215
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Contributions from Primary Government	546,246	546,246	546,246	-
Contributions from Other Government Agencies	550,088	550,088	550,088	-
Tennessee Emergency Communications Board - Grants and Reimbursements	10,000	10,000	10,000	-
Interest Income	15,000	23,500	24,261	761
Total Nonoperating Revenues (Expenses)	<u>1,121,334</u>	<u>1,129,834</u>	<u>1,130,595</u>	<u>761</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(5,375)</u>	<u>(53,407)</u>	<u>133,569</u>	<u>186,976</u>
NET ASSETS, JULY 1, 2009	2,042,650	2,042,650	2,042,650	-
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>(292,113)</u>	<u>(292,113)</u>
NET ASSETS, JULY 1, 2009 RESTATED	2,042,650	2,042,650	1,750,537	(292,113)
NET ASSETS, JUNE 30, 2010	<u>\$ 2,037,275</u>	<u>1,989,243</u>	<u>1,884,106</u>	<u>(105,137)</u>

See Independent Auditors' Report.

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
SCHEDULE OF INFORMATION REQUIRED BY STATE  
For the Year Ended June 30, 2010

---

The following information is required by the Accounting and Financial Reporting Manual For Tennessee Emergency Communications Districts:

The Washington County Emergency Communications District has one (1) public safety answering point located at 401 Ashe Street, Johnson City, Tennessee.

The Washington County Emergency Communications District's system is CML E1000/Sentinel Answering Positions. The 9-1-1 database is maintained by Embarq.

Director:

Bob McNeill  
P.O. Box 448  
401 Ashe Street  
Johnson City, TN 37605-0448  
Phone: (423) 928-9111  
Fax: (423) 979-2324

Chairman:

Kyle Shell  
1323 Shell Road  
Jonesborough, TN 37659  
Phone: (423) 926-1711  
Fax: (423) 979-2324

See Independent Auditors' Report.

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
ROSTER OF BOARD MEMBERS AND MANAGEMENT  
For the Year Ended June 30, 2010

---

**ROSTER OF BOARD MEMBERS**

***CHAIRMAN***

Kyle Shell

***VICE CHAIRMAN***

Ed Graybeal

***SECRETARY/TREASURER***

John Lowry

George Jaynes

Greg Matherly

Harmon Mathes

Nes Levotch

Fred Phillips

Allen Taylor

**ROSTER OF MANAGEMENT OFFICIALS**

Bob McNeill

Director

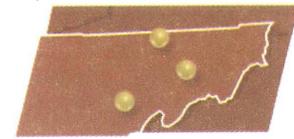
Randall Lewis

Assistant Director

Janice Adams

Office Manager

See Independent Auditors' Report.



INDEPENDENT AUDITORS' 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  
Washington County Emergency  
Communications District  
P. O. Box 448  
Johnson City, Tennessee 37605

We have audited the financial statements of the Washington County Emergency Communications District, a component unit of Washington County, Tennessee, as of and for the year ended June 30, 2010, and have issued our report thereon dated November 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Washington County Emergency Communications District's, a component unit of Washington County, Tennessee, internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Washington County Emergency Communications District's, a component unit of Washington County, Tennessee, internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Washington County Emergency Communications District's, a component unit of Washington County, Tennessee, 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of finding and responses that we consider to be a significant deficiency in internal control over financial reporting. This is listed as 2010-01. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington County Emergency Communications District's, a component unit of Washington County, Tennessee, 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as item 2010-01.

We noted certain matters that we reported to management of the Washington County Emergency Communication District's, a component unit of Washington County, Tennessee, in a separate letter dated November 10, 2010.

Washington County Emergency Communications District's, a component unit of Washington County, Tennessee, response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Washington County Emergency Communications District's, a component unit of Washington County, Tennessee response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the Washington County Emergency Communication District, a component unit of Washington County, Tennessee, others within the organization and county officials and is not intended to be and should not be used by anyone other than these specified parties.

*Blackburn, Childers + Steagall, PLC*  
BLACKBURN, CHILDERS AND STEAGALL, PLC

November 10, 2010

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2010

---

**2010-01: Condition:** Two audit adjustments were required to properly adjust accrued payroll and related liabilities as well as record the liability for other post employment benefits.

**Criteria:** The financial statement and general ledger accounts should be properly posted to reflect all proper adjustments. Financial reports and journal entries should be reviewed and approved.

**Effect:** The effect of this deficiency results in the need to record significant audit adjustments.

**Recommendation:** We recommend the District review account postings and journal entries for accuracy. Every practical step should be taken to minimize the possibility of material auditor-initiated audit adjustments. For example, the District should carefully review its cutoff procedures and the method it uses to uncover unrecorded liabilities at the end of the fiscal year (items found by the auditor rather than by management). Special care also should be taken to ensure the timely and effective implementation of new accounting standards.

**Management's Response:** The District was not aware this was a requirement since this task had always been completed by the auditor during the audit in years past with no mention that this should be completed by the District. The Office Manager does present the auditor with a year-end report that includes employee's current salary, sick time balance, vacation time balance, comp time balance and liabilities of each for the year-end audit. Again, the District has never completed these liabilities prior to adjusting journal entries completed by the auditor. The other post employment benefits coverage was based on two budget years. The District did not feel that line item needed to be adjusted because \$50,000 was budgeted in the 2008-2009 budget year and \$50,000 in the 2009-2010 budget year. The annual amount was \$25,018 for 2008-2009 and \$26,606 for 2009-2010, both were less than the OPEB budget line items.