

**WASHINGTON COUNTY
EMERGENCY COMMUNICATIONS DISTRICT**

**A COMPONENT UNIT OF
WASHINGTON COUNTY, TENNESSEE**

AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2011



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

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH
INDEPENDENT AUDITORS' REPORT

For the Fiscal Year Ended June 30, 2011

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

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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 fiscal year ended June 30, 2011, 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, 2011, and the respective changes in financial position and cash flows thereof for the fiscal 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 7, 2011, 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 require that the management's discussion and analysis and schedule of funding progress for pension plan and postemployment healthcare plan on pages 3 through 6 and page 23 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. 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. The Budgetary Comparison Schedule 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 & STEAGALL, PLC

November 7, 2011



**WASHINGTON COUNTY
EMERGENCY COMMUNICATIONS DISTRICT**

401 ASHE STREET • P.O. BOX 448
JOHNSON CITY, TENNESSEE 37605
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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, 2011. 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 \$1,856,915 for fiscal year 2011. This was a decrease of 0.13% 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 2011, the District had net assets of \$2,060,604, an increase of 9.34% 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, Centurylink and CLECs (Competitive Local Exchange Carriers). 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 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

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
ASSETS		
Current Assets	\$ 1,745,350	1,401,712
Capital Assets	766,836	883,920
TOTAL ASSETS	<u><u>2,512,186</u></u>	<u><u>2,285,632</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	100	100
Accrued Expenses	28,878	26,766
Accrued Payroll	15,088	6,640
Compensated Absences Payable	330,255	313,352
TOTAL CURRENT LIABILITIES	<u>374,321</u>	<u>346,858</u>
NON CURRENT LIABILITIES		
Other Post Employment Benefits	77,261	54,668
TOTAL NON CURRENT LIABILITIES	<u>77,261</u>	<u>54,668</u>
TOTAL LIABILITIES	<u>451,582</u>	<u>401,526</u>
NET ASSETS		
Invested in Capital Assets	766,836	883,920
Unrestricted Net Assets	1,293,768	1,000,186
TOTAL NET ASSETS	<u><u>2,060,604</u></u>	<u><u>1,884,106</u></u>

REVENUE		
Operating Revenues	1,856,915	1,854,401
Nonoperating Revenue	<u>1,109,879</u>	<u>1,130,595</u>
TOTAL REVENUES	<u>2,966,794</u>	<u>2,984,996</u>
EXPENSES		
Operating Expenses	2,758,364	2,714,961
Depreciation	<u>135,484</u>	<u>136,466</u>
TOTAL EXPENSES	<u>2,893,848</u>	<u>2,851,427</u>
INCREASE IN NET ASSETS	<u>72,946</u>	<u>133,569</u>
NET ASSETS	<u><u>\$ 2,060,604</u></u>	<u><u>1,884,106</u></u>

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 \$2,060,604 at the close of June 30, 2011. This represents an increase of 9.34% the previous year. The unrestricted net assets were \$1,293,768.

Total assets at year end are \$2,512,186 which includes \$1,745,350 of current assets and \$766,836 capital assets. Total assets increased \$226,554 from previous year.

Total program revenue for the year was \$2,948,875 compared to \$2,960,735 in the previous year, a decrease of \$11,860. Program revenues include telephone surcharge, appropriations, state, grant and reimbursements, charges for audio tapes and alarm revenues. General revenues for the year were \$17,919 compared to \$24,261 in previous year, a decrease of \$6,342. Total revenue was \$2,966,794 compared to \$2,984,996 compared in 2010, a decrease of \$18,202.

Total program expenses including salaries, benefits, contracted services, supplies and other were \$2,758,364 for the year compared to \$2,714,961 in previous year for an increase of \$43,403.

Total expenses for the year were \$2,893,848 compared to \$2,885,427 in the previous year, an increase of \$42,421.

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 with the exception of one that is within the FDIC requirements. 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

The District will have to make major upgrades to the District's 911 system in the near future due to the Tennessee Emergency Communications Board implementing NextGen (NG) 911. NextGen (NG) 911 will allow 911 District's to review text messages and video calls on the 911 lines. With this in mind, the District was very budget conscious this past year. In the year ending June 30, 2011 the District did some

minor repairs and re-stripping of the District's parking area. The District purchased new computer hardware to replace aging dispatch computers; a new GIS mapping laptop to replace an aging one; new computer software to assist in filing and searching for paperless documents; and additional network cameras for additional building security. The Tennessee Emergency Communications Board also approved the extension of the 911 landline rates for another three years.

CASH FLOW

Net cash used for operating activities increased \$120,651. Net cash used by capital and related financing activities decreased by \$478,560. Interest income decreased by \$6,342 and is reflected in the cash flow investment activities.

BUDGETING HIGHLIGHTS

The original 2010-2011 budget approved in October 2010 was amended in May 2011. 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 \$766,836, net of accumulated depreciation as of June 30, 2011, a decrease of \$117,084. Capital assets primarily include improvements to CAD software, software upgrades to enhance the District's Communications Center.

Long Term Debt: The District has no long term debt as of June 30, 2011

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, 2011

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 418,254	
Certificate of Deposit: Long - Term	1,092,996	
Accounts Receivable	102,808	
Due from Tennessee Emergency Communications Board	104,008	
Prepaid Expenses	<u>27,284</u>	
Total Current Assets		1,745,350

CAPITAL ASSETS

Building Improvements	532,841	
Vehicles	51,618	
Communication and Office Equipment	1,455,926	
Furniture and Fixtures	56,821	
Less: Accumulated Depreciation	<u>(1,330,370)</u>	
Total Capital Assets		<u>766,836</u>

TOTAL ASSETS 2,512,186

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	100	
Accrued Expenses	28,878	
Accrued Payroll	15,088	
Compensated Absences Payable	<u>330,255</u>	
TOTAL CURRENT LIABILITIES		<u>374,321</u>

NONCURRENT LIABILITIES

Other Post Employment Benefits	<u>77,261</u>	
TOTAL NONCURRENT LIABILITIES		<u>77,261</u>

TOTAL LIABILITIES 451,582

NET ASSETS

Invested in Capital Assets	766,836	
Unrestricted Net Assets	<u>1,293,768</u>	
TOTAL NET ASSETS		<u><u>\$2,060,604</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
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2011

OPERATING REVENUES

Emergency Telephone Service Charge	\$ 1,166,609	
Shared Wireless Charge	280,244	
Operational Funding	395,095	
Other Operating Revenues		
Tape Revenue	3,759	
Alarm Revenue	<u>11,208</u>	
 Total Operating Revenues		 <u>1,856,915</u>

OPERATING EXPENSES

Salaries and Wages		
Director	77,799	
Administrative Personnel	142,433	
Dispatchers	726,793	
Telecommunications	82,528	
GIS Coordinator	30,079	
Part-Time Personnel	16,585	
Dispatch Supervisors	146,205	
Training Supervisor	43,502	
Assistant Director	66,579	
Overtime Pay	77,617	
Longevity Bonus	23,870	
Other Salaries and Wages	91	
Holiday Pay	50,314	
Sick Pay	62,437	
Vacation Pay	83,346	
Compensatory Time Pay	<u>14,214</u>	
		1,644,392
Employee Benefits		
Social Security	94,911	
Medicare	22,333	
Life Insurance	10,464	
Medical Insurance	352,803	
Dental Insurance	28,397	
Retirement Contributions	184,849	
Other Post Employment Benefits	29,650	
Unemployment Compensation	<u>3,793</u>	
		727,200

(Continued)

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT-
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2011

OPERATING EXPENSES (CONTINUED)

Contracted Services			
Audit Services	5,300		
Advertising	151		
Administrative Fees	45,757		
Contracts with Private Agencies	105,667		
Language Line	1,001		
Legal Services	500		
Maintenance Agreements	92,583		
Fuel Charges	3,616		
Pest Control	680		
NCIC/TBI/TIES	4,240		
Maintenance and Repairs - Communication Equipment	115		
Maintenance and Repairs - Office Equipment	35		
Maintenance and Repairs - Building and Facilities	2,725		
Maintenance and Repairs - Vehicles	511		
			262,881
Supplies and Materials			
Small Equipment Purchases	5,459		
Office Supplies	5,279		
Postage	604		
Custodial Supplies	3,969		
Data Processing Supplies	3,372		
Uniforms and Shirts	3,510		
Utilities - Electric	22,603		
Utilities - Gas	2,210		
Utilities - Water	3,990		
Utilities - Phones	20,265		
			71,261
Other Charges			
Board Meeting Expenses	1,026		
Insurance - Workers Compensation	5,333		
Insurance- Equipment	100		
Insurance - Liability	3,430		
Insurance - Building and Contents	6,377		
Insurance - Vehicles	1,373		
Dues and Membership	1,573		
Legal Notices	124		
Public Education	1,092		
Employee Testing and Exams	368		
Premiums on Surety Bonds	4,480		
Service Awards	943		
Training Expenses	13,028		
Travel Expenses	11,579		
Internet Charges	1,804		
			52,630

(Continued)

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT-
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2011

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OPERATING EXPENSES (CONTINUED)		
Total Operating Expenses		2,758,364
OPERATING LOSS BEFORE DEPRECIATION		(901,449)
LESS: DEPRECIATION		(135,484)
OPERATING LOSS		(1,036,933)
NONOPERATING REVENUES (EXPENSES)		
Contributions from Primary Government	546,246	
Contributions from Other Government Agencies	550,088	
Loss on Disposal of Equipment	(4,374)	
Interest Income	17,919	
TOTAL NONOPERATING REVENUES (EXPENSES)		1,109,879
INCREASE IN NET ASSETS		72,946
NET ASSETS, JULY 1, 2010		1,884,106
PRIOR PERIOD ADJUSTMENT - STATE FUNDING		103,552
NET ASSETS, JULY 1, 2010 RESTATED		1,987,658
NET ASSETS, JUNE 30, 2011		\$ 2,060,604

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

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT-
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Surcharges	\$ 1,180,046	
Cash Received from Other Entities	674,883	
Cash Payments to Employees	(1,596,448)	
Cash Payments for Employee Benefits	(725,088)	
Cash Payments for Contracted Services	(268,872)	
Cash Payments for Supplies	(71,261)	
Cash Payments for Other Charges	<u>(52,630)</u>	
Net Cash Used for Operating Activities		(859,370)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Allocations from Primary Government	546,246	
Other Local Government Allocations	<u>550,088</u>	
Net Cash Provided by Noncapital Financing Activities		1,096,334
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of Capital Assets	<u>(22,774)</u>	
Net Cash Used for Capital Financing Activities		(22,774)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Certificates of Deposit: Long-Term	(400,000)	
Interest Income Received	<u>17,919</u>	
Net Cash Used for Investing Activities		<u>(382,081)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(167,891)
CASH AND CASH EQUIVALENTS AT JULY 1, 2010		<u>586,145</u>
CASH AND CASH EQUIVALENTS AT JUNE 30, 2011		<u><u>\$ 418,254</u></u>

(Continued)

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT-
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2011

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

Operating Loss		\$ (1,036,933)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities		
Depreciation	135,484	
(Increase) Decrease in Accounts Receivable	(1,530)	
(Increase) Decrease in Prepaid Expenses	(5,991)	
(Increase) Decrease in Due From Tennessee Emergency Communications Board	(456)	
Increase (Decrease) in Accrued Payroll	8,448	
Increase (Decrease) in Payroll Deductions	2,112	
Increase (Decrease) in Other Post Employment Benefits	22,593	
Increase (Decrease) in Compensated Absences Payable	16,903	
		177,563
NET CASH USED FOR OPERATING ACTIVITIES		\$ (859,370)

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 Fiscal Year Ended June 30, 2011

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). GASB Statement No. 20 gives proprietary funds the option of applying all Financial Accounting Standards Board (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 WCECD 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 and Cash Equivalents 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, 2011.

Cash and Cash Equivalents and Certificate of Deposit: Long-Term are all covered by FDIC insurance or by the State of Tennessee collateral pool.

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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 of work. Without the proper request, employees are paid this rate on their next paycheck.

Accounts Receivable

Accounts receivable at June 30, 2011 consist of various surcharges totaling \$101,982 and a miscellaneous receivable of \$826. 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 Fiscal Year Ended June 30, 2011

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* (TCA) 7-86-120, an annual budget is adopted by the District. The budget is approved by the Board of Directors and is also submitted to the primary government, Washington County, Tennessee. Expenses are presented at the legal level of control which is defined in the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* as 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 Washington 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, 2011, the District held no investments.

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE 4 – CAPITAL ASSETS

Capital 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	\$ 532,124	717	-	532,841
Vehicles	51,618	-	-	51,618
Office Equipment	1,448,386	22,057	(14,517)	1,455,926
Furniture and Fixtures	<u>57,678</u>	<u>-</u>	<u>(857)</u>	<u>56,821</u>
Total Capital Assets Being Depreciated	<u>2,089,806</u>	<u>22,774</u>	<u>(15,374)</u>	<u>2,097,206</u>
Less Accumulated Depreciation For:				
Building Improvements	(283,096)	(22,145)	-	(305,241)
Vehicles	(23,171)	(10,324)	-	(33,495)
Office Equipment	(846,926)	(101,870)	10,143	(938,653)
Furniture and Fixtures	<u>(52,693)</u>	<u>(1,145)</u>	<u>857</u>	<u>(52,981)</u>
Total Accumulated Depreciation	<u>(1,205,886)</u>	<u>(135,484)</u>	<u>11,000</u>	<u>(1,330,370)</u>
Total Capital Assets, Net	<u>\$ 883,920</u>	<u>(112,710)</u>	<u>(4,374)</u>	<u>766,836</u>

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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 34-37 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, 2011 was 11.96% 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 Fiscal Year Ended June 30, 2011

NOTE 5 - PENSION PLAN (CONTINUED)

Annual Pension Cost

For the year ending June 30, 2011, Washington County 911's annual pension cost of \$184,149 to TCRS was equal to Washington County 911's required and actual contributions. The required contribution was determined as part of the July 1, 2009 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 3.0 percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. 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, 2009 was 9 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, 2011	\$184,149	100.00%	\$0.00
June 30, 2010	\$184,536	100.00%	\$0.00
June 30, 2009	\$172,556	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 \$1.5 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 Fiscal Year Ended June 30, 2011

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)	((b-a)/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 Fiscal Year Ended June 30, 2011

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 actuarially 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 fiscal 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)	7,057
Increase in Net OPEB Obligation	22,593
Net OPEB Obligation - Beginning of Year	54,668
Net OPEB Obligation - End of Year	\$ 77,261

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2011 is as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 29,650	0%	\$ 77,261
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 Fiscal Year Ended June 30, 2011

NOTE 6 - OPEB (CONTINUED)

Funded Status and Funding Progress:

The funded status of the plan as of July 1, 2008, 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 and 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 Fiscal Year Ended June 30, 2011

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 \$7,874 based on the number of 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, 2011. The new rate will be \$7,366 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 fiscal year in the types of coverage. There have been no claims in the past three fiscal 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>
Centurylink	\$1,007,120
CLEC	<u>159,489</u>
	<u><u>\$1,166,609</u></u>

NOTE 10 - PRIOR PERIOD ADJUSTMENT

As noted on the Statement of Revenues, Expenses and Changes in Net Assets, a prior period adjustment of \$103,552 is reflected. This includes the net affect of a prior year receivable from the Tennessee Emergency Communications Board that was not reflected as a prior year receivable or in prior year revenues.

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 Fiscal Year Ended June 30, 2011

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 went into effect during the year of the 2007 actuarial valuation, therefore only the two most recent valuations are 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 1, 2008	\$ 0	\$242,475	\$242,475	0.0%	\$1,611,000	15%

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT-
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget - Under (Over)
	Original Budget	Final Budget	Actual Amounts	
OPERATING REVENUES				
Emergency Telephone Service Charge	\$ 1,216,411	1,144,000	1,166,609	22,609
TECB - Shared Wireless Charge	420,640	275,000	280,244	5,244
TECB - Operational Funding	234,923	395,094	395,095	1
Other Revenue				
Tape Revenue	1,500	3,200	3,759	559
Alarm Revenue	11,000	11,000	11,208	208
Total Operating Revenue	<u>1,884,474</u>	<u>1,828,294</u>	<u>1,856,915</u>	<u>28,621</u>
OPERATING EXPENSES				
Salaries and Wages				
Director	78,500	78,500	77,799	701
Administrative Personnel	138,000	146,000	142,433	3,567
Dispatchers	791,006	775,389	726,793	48,596
Telecommunications	77,000	86,500	82,528	3,972
GIS Coordinator	32,000	32,000	30,079	1,921
Part-Time Personnel	32,500	17,500	16,585	915
Dispatch Supervisors	159,621	152,000	146,205	5,795
Training Supervisors	45,500	45,500	43,502	1,998
Assistant Director	68,000	68,000	66,579	1,421
Overtime Pay	82,000	80,000	77,617	2,383
Longevity/Miscellaneous Pay	25,375	25,375	23,961	1,414
Holiday Pay	50,000	51,000	50,314	686
Vacation and Sick Pay	158,500	158,500	145,783	12,717
Excess Sick Pay	16,590	-	-	-
Compensatory Time Pay	15,000	15,000	14,214	786
Total Salaries and Wages	<u>1,769,592</u>	<u>1,731,264</u>	<u>1,644,392</u>	<u>86,872</u>
Employee Benefits				
Social Security	109,715	109,715	94,911	14,804
Medicare	25,659	25,659	22,333	3,326
Life Insurance/Disability	10,000	11,000	10,464	536
Medical Insurance	381,000	361,000	352,803	8,197
Dental Insurance	29,000	29,000	28,397	603
Retirement Contributions	205,902	200,000	184,849	15,151
Other Post Employment Benefits	26,832	26,832	29,650	(2,818)
Unemployment Compensation	100	5,000	3,793	1,207
Total Employee Benefits	<u>788,208</u>	<u>768,206</u>	<u>727,200</u>	<u>41,006</u>

(Continued)

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT-
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Under (Over)
	Original Budget	Final Budget		
OPERATING EXPENSES (CONTINUED)				
Contracted Services				
Advertising	200	200	151	49
Audit Services	5,650	5,300	5,300	-
Administrative Fees	46,000	46,000	45,757	243
Contracts with Private Agencies	112,000	106,000	105,667	333
Janitorial Expense	1,200	-	-	-
Language Line	1,300	1,300	1,001	299
Legal Services	500	500	500	-
Maintenance Agreements	97,280	97,280	92,583	4,697
Fuel Charges	3,100	4,300	3,616	684
Pest Control	680	680	680	-
NCIC/TBI/TIES	8,000	4,300	4,240	60
Maintenance and Repairs - Communication Equipment	1,000	1,000	115	885
Maintenance and Repairs - Office Equipment	200	200	35	165
Maintenance and Repairs - Building and Facilities	5,000	5,000	2,725	2,275
Maintenance and Repairs - Vehicles	800	800	511	289
Total Contracted Services	282,910	272,860	262,881	9,979
Supplies and Materials				
Small Equipment Purchases	8,500	6,500	5,459	1,041
Office Supplies	5,000	5,500	5,279	221
Postage	1,500	1,500	604	896
Custodial Supplies	6,000	6,000	3,969	2,031
Data Processing Supplies	2,000	3,500	3,372	128
Uniforms and Shirts	5,000	5,000	3,510	1,490
Utilities - Electric	21,300	23,000	22,603	397
Utilities - Gas	4,400	2,500	2,210	290
Utilities - Water	4,000	4,200	3,990	210
Utilities - Phones	22,000	22,000	20,265	1,735
Total Supplies and Materials	79,700	79,700	71,261	8,439

(Continued)

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT-
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Under (Over)
	Original Budget	Final Budget		
OPERATING EXPENSES (CONTINUED)				
Other Charges				
Board Meeting Expenses	1,800	1,800	1,026	774
Insurance - Workers Compensation	9,200	9,134	5,333	3,801
Insurance- Equipment	110	110	100	10
Insurance - Liability	3,825	3,450	3,430	20
Insurance - Building and Contents	5,936	6,377	6,377	-
Insurance - Vehicles	1,377	1,377	1,373	4
Dues and Membership	1,700	1,700	1,573	127
Legal Notices	400	400	124	276
Public Education	1,000	1,150	1,092	58
Employee Testing and Exams	500	500	368	132
Premiums on Surety Bonds	4,800	4,800	4,480	320
Service Awards	2,100	2,100	943	1,157
Training Expenses	20,000	15,000	13,028	1,972
Travel Expenses	10,000	15,000	11,579	3,421
Internet Charges	2,350	2,200	1,804	396
Total Other Charges	<u>65,098</u>	<u>65,098</u>	<u>52,630</u>	<u>12,468</u>
Depreciation				
Depreciation Expense	125,000	165,000	135,484	29,516
Total Depreciation Expense	<u>125,000</u>	<u>165,000</u>	<u>135,484</u>	<u>29,516</u>
OPERATING INCOME (LOSS)	(1,226,034)	(1,253,834)	(1,036,933)	216,901
NONOPERATING REVENUES (EXPENSES)				
Contributions from Primary Government	546,246	546,246	546,246	-
Contributions from Other Government Agencies	550,088	550,088	550,088	-
Interest Income	14,000	17,500	17,919	419
Loss on Disposal of Equipment	-	-	(4,374)	(4,374)
ECB Reimbursement for GIS Position	10,000	-	-	-
Insurance Reimbursements	5,700	-	-	-
Total Nonoperating Revenues (Expenses)	<u>1,126,034</u>	<u>1,113,834</u>	<u>1,109,879</u>	<u>(3,955)</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(100,000)</u>	<u>(140,000)</u>	<u>72,946</u>	<u>212,946</u>
NET ASSETS, JULY 1, 2010	2,042,650	2,042,650	1,884,106	(158,544)
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>103,552</u>	<u>103,552</u>
NET ASSETS, JULY 1, 2010 RESTATED	2,042,650	2,042,650	1,987,658	(54,992)
NET ASSETS, JUNE 30, 2011	<u>\$ 1,942,650</u>	<u>1,902,650</u>	<u>2,060,604</u>	<u>157,954</u>

See Independent Auditors' Report.

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE
ROSTER OF BOARD MEMBERS AND MANAGEMENT
For the Fiscal Year Ended June 30, 2011

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 fiscal year ended June 30, 2011, and have issued our report thereon dated November 7, 2011. 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.

Washington County Emergency Communications District
Independent Auditors' Report on Internal Control and on
Compliance and Other Matters
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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Washington County Emergency Communication District's, a component unit of Washington County, Tennessee, in a separate letter dated November 7, 2011.

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 District and Washington County, Tennessee 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 7, 2011

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2011

PRIOR YEAR FINDINGS IMPLEMENTED:

2010-01 page 31: Audit Adjustments