

**WASHINGTON COUNTY  
EMERGENCY COMMUNICATIONS DISTRICT**

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

**AUDITED FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2012**

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, 2012

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 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, 2012, 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, 2012, 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 14, 2012, 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 post-employment 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 statements. 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 14, 2012



**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, 2012. 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 \$1,859,215 for fiscal year 2012. This was an increase of 0.12% 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 2012, the District had net assets of \$2,065,916, an increase of 0.25% 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, 2012</u>	<u>June 30, 2011</u>
<b>ASSETS</b>		
Current Assets	\$ 1,887,235	\$ 1,745,350
Capital Assets	653,884	766,836
<b>TOTAL ASSETS</b>	<u><u>2,541,119</u></u>	<u><u>2,512,186</u></u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	100	100
Accrued Expenses	22,891	28,878
Accrued Payroll	24,111	15,088
Compensated Absences Payable	298,083	330,255
<b>TOTAL CURRENT LIABILITIES</b>	<u>345,185</u>	<u>374,321</u>
<b>NON CURRENT LIABILITIES</b>		
Other Post Employment Benefits	130,018	77,261
<b>TOTAL NON CURRENT LIABILITIES</b>	<u>130,018</u>	<u>77,261</u>
<b>TOTAL LIABILITIES</b>	<u>475,203</u>	<u>451,582</u>
<b>NET ASSETS</b>		
Invested in Capital Assets	653,884	766,836
Unrestricted Net Assets	1,412,032	1,293,768
<b>TOTAL NET ASSETS</b>	<u><u>2,065,916</u></u>	<u><u>2,060,604</u></u>

REVENUE		
Operating Revenues	1,859,215	1,856,915
Nonoperating Revenue	<u>1,112,051</u>	<u>1,109,879</u>
TOTAL REVENUES	<u>2,971,266</u>	<u>2,966,794</u>
EXPENSES		
Operating Expenses	2,848,697	2,758,364
Depreciation	<u>117,257</u>	<u>135,484</u>
TOTAL EXPENSES	<u>2,965,954</u>	<u>2,893,848</u>
INCREASE IN NET ASSETS	<u>5,312</u>	<u>72,946</u>
NET ASSETS	<u><u>\$ 2,065,916</u></u>	<u><u>\$ 2,060,604</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 \$2,065,916 at the close of June 30, 2012. This represents an increase of 0.25% the previous year. The unrestricted net assets were \$1,412,032.

Total assets at year end are \$2,541,119 which includes \$1,887,235 of current assets and \$653,884 capital assets. Total assets increased \$28,933 from previous year.

Total program revenue for the year was \$2,953,832 compared to \$2,948,875 in the previous year, an increase of \$4,957. Program revenues include telephone surcharge, appropriations, state, grant and reimbursements, charges for audio tapes and alarm revenues. General revenues for the year were \$17,434 compared to \$17,919 in previous year, a decrease of \$485. Total revenue was \$2,971,266 compared to \$2,966,794 for 2011, an increase of \$4,472.

Total program expenses including salaries, benefits, contracted services, supplies and other were \$2,848,697 for the year compared to \$2,758,364 in previous year for an increase of \$90,333.

Total expenses for the year were \$2,965,954 compared to \$2,893,848 in the previous year, an increase of \$72,106.

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. Much 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 is preparing for Next Generation (NG) 911 equipment upgrades and currently awaiting the RFP contract being awarded in July 2012. This project will be a major task and investment, the District has been very budget conscious this past year trying to prepare for this upgrade. The District contracted with a new software vendor for a new state of the art emergency notification system replacing the reverse

911 product. The District replaced the GIS plotter with a new printer/plotter for the GIS department. The District also purchased a new server. Due to building structural concerns, the District is currently pursuing options of relocating the 911 Center and/or to embark on major renovations to the current structure. This task is still under consideration.

#### CASH FLOW

Net cash used for operating activities increased \$119,260. Net cash used by capital and related financing activities decreased by \$16,753. Interest income decreased by \$485 and is reflected in the cash flow investment activities.

#### BUDGETING HIGHLIGHTS

The original 2011-2012 budget approved in October 2011 was amended in June 2012. The original and final budgets are presented as separate columns in the supplementary information.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The District's investment in capital assets amounts to \$653,884, net of accumulated depreciation as of June 30, 2012, a decrease of \$112,952. 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, 2012

#### 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.

A handwritten signature in black ink, appearing to read "Bob McNeill", is written over a horizontal line.

Bob McNeill  
Director

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT-  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
STATEMENT OF NET ASSETS  
June 30, 2012

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 1,140,866	
Certificate of Deposit: Long - Term	499,500	
Accounts Receivable	98,208	
Due from Tennessee Emergency Communications Board	118,766	
Prepaid Expenses	<u>29,895</u>	
Total Current Assets		1,887,235

CAPITAL ASSETS

Building Improvements	532,841	
Vehicles	51,618	
Communication and Office Equipment	1,352,400	
Furniture and Fixtures	53,976	
Less: Accumulated Depreciation	<u>(1,336,951)</u>	
Total Capital Assets		<u>653,884</u>

TOTAL ASSETS		<u>2,541,119</u>
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LIABILITIES

CURRENT LIABILITIES

Accounts Payable	100	
Accrued Expenses	22,891	
Accrued Payroll	24,111	
Compensated Absences Payable	<u>298,083</u>	
TOTAL CURRENT LIABILITIES		<u>345,185</u>

NON-CURRENT LIABILITIES

Other Post-Employment Benefits	<u>130,018</u>	
TOTAL NON-CURRENT LIABILITIES		<u>130,018</u>

TOTAL LIABILITIES		<u>475,203</u>
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NET ASSETS

Invested in Capital Assets	653,884	
Unrestricted Net Assets	<u>1,412,032</u>	
TOTAL NET ASSETS		<u>\$2,065,916</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, 2012

<b>OPERATING REVENUES</b>		
TN Emergency Telephone Service Charge	\$ 1,102,314	
Shared Wireless Charge	286,255	
Operational Funding	456,240	
Other Operating Revenues		
Tape Revenue	3,476	
Alarm Revenue	<u>10,930</u>	
Total Operating Revenues		<u>1,859,215</u>
 <b>OPERATING EXPENSES</b>		
Salaries and Wages		
Director	68,564	
Administrative Personnel	141,421	
Dispatchers	784,446	
Telecommunications	48,574	
GIS Coordinator	32,551	
Part-Time Personnel	3,673	
Dispatch Supervisors	149,914	
Training Supervisor	42,943	
Assistant Director	68,874	
Overtime Pay	81,695	
Longevity Bonus	25,480	
Other Salaries and Wages	12,877	
Holiday Pay	53,208	
Sick Pay	19,834	
Excess Sick Pay	10,619	
Vacation Pay	96,075	
Compensatory Time Pay	<u>10,689</u>	
		1,651,437
Employee Benefits		
Social Security	98,231	
Medicare	22,973	
Life Insurance	11,081	
Medical Insurance	412,998	
Dental Insurance	30,621	
Retirement Contributions	191,343	
Other Post-Employment Benefits	<u>57,674</u>	
		824,921

(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, 2012

OPERATING EXPENSES (CONTINUED)

Contracted Services

Audit Services	5,650
Architect Services	375
Advertising	183
Administrative Fees	21,320
Contracts with Private Agencies	101,078
Language Line	646
Legal Services	500
Financial Advisory Services	3,500
Data Processing Services	6,646
Maintenance Agreements	105,550
Fuel Charges	3,643
Pest Control	740
NCIC/TBI/TIES	4,240
Maintenance and Repairs - Building and Facilities	1,281
Maintenance and Repairs - Vehicles	68

255,420

Supplies and Materials

Small Equipment Purchases	4,464
Office Supplies	3,090
Postage	566
Custodial Supplies	3,812
Data Processing Supplies	2,267
Uniforms and Shirts	3,983
Utilities - Electric	22,801
Utilities - Gas	1,906
Utilities - Water	3,757
Utilities - Phones	20,858

67,504

Other Charges

Board Meeting Expenses	1,604
Insurance - Workers Compensation	8,289
Insurance - Equipment	100
Insurance - Liability	5,082
Insurance - Building and Contents	7,060
Insurance - Vehicles	2,101
Dues and Membership	1,728
Legal Notices	228
Public Education	575
Employee Testing and Exams	699
Premiums on Surety Bonds	4,372
Service Awards	1,684
Training Expenses	6,498
Travel Expenses	7,493
Internet Charges	1,902

49,415

(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, 2012

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OPERATING EXPENSES (CONTINUED)

Total Operating Expenses		<u>2,848,697</u>
OPERATING LOSS BEFORE DEPRECIATION		(989,482)
LESS: DEPRECIATION		<u>(117,257)</u>
OPERATING LOSS		<u>(1,106,739)</u>
NONOPERATING REVENUES (EXPENSES)		
Contributions from Primary Government	546,246	
Contributions from Other Government Agencies	550,088	
Loss on Disposal of Equipment	(1,717)	
Interest Income	<u>17,434</u>	
TOTAL NONOPERATING REVENUES (EXPENSES)		<u>1,112,051</u>
INCREASE IN NET ASSETS		<u>5,312</u>
NET ASSETS, JULY 1, 2011		<u>2,060,604</u>
NET ASSETS, JUNE 30, 2012		<u>\$ 2,065,916</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 CASH FLOWS  
For the Fiscal Year Ended June 30, 2012

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Surcharges	\$ 1,106,914	
Cash Received from Other Entities	742,143	
Cash Payments to Employees	(1,621,829)	
Cash Payments for Employee Benefits	(830,908)	
Cash Payments for Contracted Services	(258,031)	
Cash Payments for Supplies	(67,504)	
Cash Payments for Other Charges	<u>(49,415)</u>	
Net Cash Used for Operating Activities		(978,630)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Allocations from Primary Government	546,246	
Other Local Government Allocations	<u>550,088</u>	
Net Cash Provided by Noncapital Financing Activities		1,096,334
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Purchase of Capital Assets	<u>(6,021)</u>	
Net Cash Used for Capital Financing Activities		(6,021)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of Certificates of Deposit: Long-Term	593,495	
Interest Income Received	<u>17,434</u>	
Net Cash Provided by Investing Activities		<u>610,929</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		722,612
<b>CASH AND CASH EQUIVALENTS AT JULY 1, 2011</b>		<u>418,254</u>
<b>CASH AND CASH EQUIVALENTS AT JUNE 30, 2012</b>		<u><u>\$ 1,140,866</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, 2012

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RECONCILIATION OF OPERATING LOSS TO NET CASH  
USED FOR OPERATING ACTIVITIES

Operating Loss	\$ (1,106,739)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	117,257
(Increase) Decrease in Accounts Receivable	4,600
(Increase) Decrease in Prepaid Expenses	(2,611)
(Increase) Decrease in Due From Tennessee Emergency Communications Board	(14,758)
Increase (Decrease) in Accrued Payroll	9,023
Increase (Decrease) in Payroll Deductions	(5,987)
Increase (Decrease) in Other Post-Employment Benefits	52,757
Increase (Decrease) in Compensated Absences Payable	<u>(32,172)</u>
 NET CASH USED FOR OPERATING ACTIVITIES	 <u><u>\$ (978,630)</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 Fiscal Year Ended June 30, 2012

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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). The financial statements are reported using the economic resources measurement focus on the accrual basis of accounting. Revenue are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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.

Operating 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, 2012.

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, 2012

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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, 2012 consist of various surcharges totaling \$98,087 and a 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 Fiscal Year Ended June 30, 2012

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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, 2012, 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, 2012

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>
<b>Capital Assets, Being Depreciated:</b>				
Building Improvements	\$ 532,841	-	-	532,841
Vehicles	51,618	-	-	51,618
Office Equipment	1,455,926	6,021	(109,547)	1,352,400
Furniture and Fixtures	56,821	-	(2,845)	53,976
	<u>2,097,206</u>	<u>6,021</u>	<u>(112,392)</u>	<u>1,990,835</u>
<b>Less Accumulated Depreciation For:</b>				
Building Improvements	(305,241)	(20,774)	-	(326,015)
Vehicles	(33,495)	(7,640)	-	(41,135)
Office Equipment	(938,652)	(87,698)	107,830	(918,520)
Furniture and Fixtures	(52,981)	(1,145)	2,845	(51,281)
	<u>(1,330,369)</u>	<u>(117,257)</u>	<u>110,675</u>	<u>(1,336,951)</u>
<b>Total Capital Assets, Net</b>	<u><u>\$ 766,837</u></u>	<u><u>(111,236)</u></u>	<u><u>(1,717)</u></u>	<u><u>653,884</u></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, 2012

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**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, 2012 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, 2012

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NOTE 5 - PENSION PLAN (CONTINUED)

***Annual Pension Cost***

For the year ending June 30, 2012, Washington County 911's annual pension cost of \$192,318 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, 2011, which established contribution rates effective July 1, 2012.

**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, 2012	\$192,318	100.00%	\$0.00
June 30, 2011	\$184,536	100.00%	\$0.00
June 30, 2010	\$184,149	100.00%	\$0.00

As of July 1, 2011, the most recent actuarial valuation date, the plan was 84.22% funded. The actuarial accrued liability for benefits was \$3.73 million, and the actuarial value of assets was \$3.14 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.59 million. The covered payroll (annual payroll of active employees covered by the plan) was \$1.52 million, and the ratio of the UAAL to the covered payroll was 38.65%.

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.

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2012

NOTE 5 - PENSION PLAN (CONTINUED)

(\$ amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(UAAL) Unfunded AAL (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c)
July 1, 2011	\$ 3,138	3,726	588	84.22%	1,521	38.65%
July 1, 2009	2,297	2,481	183	92.61%	1,489	12.32%
July 1, 2007	1,918	2,129	211	90.09%	1,271	16.60%

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS

Plan Types:

The District has adopted a plan that provides post-employment 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 31 active participants and one retiree. Since the initial actuarial valuation, eligibility requirements were changed to allow retirees with 25 years of service at age 60 to receive benefits. Also, the proportion of retirees with family coverage is substantially higher than in the initial valuation. The discount rate was changed to 4.0% and the per capita benefit costs and trends were different from the initial valuation.

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, 2012

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NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation:

The District's other post-employment 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)	\$ 57,674
Interest on net OPEB Obligation	3,090
Adjustment to ARC	(3,090)
Annual OPEB Cost (Expense)	57,674
Contribution Made (assumed end of year)	4,917
Increase in Net OPEB Obligation	52,757
Net OPEB Obligation - Beginning of Year	77,261
Net OPEB Obligation - End of Year	\$ 130,018

The actuarial report does include an implicit rate subsidy of approximately \$7,700 not reflected in the contribution amount above. The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012 is as follows:

Fiscal Year Ending	Annual OPEB Cost	Net OPEB Obligation
6/30/2012	\$ 57,674	\$ 130,018
6/30/2010	\$ 29,650	\$ 77,261
6/30/2009	\$ 29,650	\$ 54,668

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2012

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NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress:

The funded status of the plan as of July 1, 2011, the date of the actuarial valuation was as follows:

Actuarial Valuation Date	<u>7/1/2011</u>
Actuarial Accrued Liability (AAL)	\$ 510,704
Actuarial Value of Plan Assets	0
Unfunded Actuarial Accrued Liability (UAAL)	\$ 510,704
Actuarial Value of Assets as a % of the AAL	0%
Covered Payroll	\$ 1,730,000
UAAL as a Percentage of Covered Payroll	29.5%

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:

Projections 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, 2011 and year 1 represents the period of July 1, 2011 to June 30, 2012. A discount rate of 4.0% was used to discount expected liabilities to the valuation dates. Future salaries are expected to increase at an annual rate of 3.0%. Average health care trend costs rates are assumed to increase by 8.25% (years 1 and 2), 8.0% (year 3), 7.5% (years 4 and 5), 7.0% (years 6 and 7), 6.5% (years 8 and 9), 6.0% (years 10 and 11), and 5.5% for years 12 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 27 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, 2012

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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. This monthly base rate is influenced by various additional charges including database, switching fees, transfers and other services.

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	\$ 933,580
CLEC	<u>168,734</u>
	<u><u>\$1,102,314</u></u>

NOTE 10 - CONCENTRATION

The District depends upon financial resources flowing from, or associated with, both the State of Tennessee and local governments. Because of this dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to State laws and State and local appropriations.

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
SCHEDULE OF FUNDING PROGRESS FOR PENSION PLAN AND  
POST-EMPLOYMENT HEALTHCARE PLAN  
For the Fiscal Year Ended June 30, 2012

Schedule of Funding Progress – Pension Plan

(\$ amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (UAAL) AAL (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c)
July 1, 2011	\$ 3,138	3,726	588	84.22%	1,521	38.65%
July 1, 2009	2,297	2,481	183	92.61%	1,489	12.32%
July 1, 2007	1,918	2,129	211	90.09%	1,271	16.60%

Schedule of Funding Progress – Post-employment Healthcare Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2011	\$ 0	\$ 510,704	\$ 510,704	0.0%	\$ 1,730,000	29.5%
July 1, 2008	\$ 0	\$ 204,179	\$ 204,179	0.0%	\$ 1,611,000	12.7%

See Independent Auditors' Report.

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT-  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
BUDGETARY COMPARISON SCHEDULE  
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Under (Over)
	Original Budget	Final Budget	Actual Amounts	
<b>OPERATING REVENUES</b>				
TN Emergency Telephone Service Charge	\$ 1,144,000	1,101,000	1,102,314	1,314
Shared Wireless Charge	275,000	285,000	286,255	1,255
Operational Funding	395,094	442,000	456,240	14,240
Other Operating Revenue				
Tape Revenue	3,200	3,425	3,476	51
Alarm Revenue	11,000	10,930	10,930	-
Total Operating Revenues	<u>1,828,294</u>	<u>1,842,355</u>	<u>1,859,215</u>	<u>16,860</u>
<b>OPERATING EXPENSES</b>				
<b>Salaries and Wages</b>				
Director	78,500	70,000	68,564	1,436
Administrative Personnel	146,000	142,000	141,421	579
Dispatchers	775,389	790,000	784,446	5,554
Telecommunications	86,500	50,000	48,574	1,426
GIS Coordinator	32,000	33,000	32,551	449
Part-Time Personnel	17,500	3,800	3,673	127
Dispatch Supervisors	152,000	150,000	149,914	86
Training Supervisor	45,500	44,000	42,943	1,057
Assistant Director	68,000	69,000	68,874	126
Overtime Pay	80,000	82,000	81,695	305
Longevity/Bonus	24,850	25,480	25,480	-
Other Salaries and Wages	525	12,878	12,877	1
Holiday Pay	51,000	54,000	53,208	792
Vacation and Sick Pay	158,500	153,084	115,909	37,175
Excess Sick Pay	-	10,620	10,619	1
Compensatory Time Pay	15,000	10,500	10,689	(189)
Total Salaries and Wages	<u>1,731,264</u>	<u>1,700,362</u>	<u>1,651,437</u>	<u>48,925</u>
<b>Employee Benefits</b>				
Social Security	109,715	100,000	98,231	1,769
Medicare	25,659	25,084	22,973	2,111
Life Insurance	11,000	12,000	11,081	919
Medical Insurance	361,000	420,000	412,998	7,002
Dental Insurance	29,000	32,000	30,621	1,379
Retirement Contributions	200,000	206,184	191,343	14,841
Other Post-Employment Benefits	26,832	62,591	57,674	4,917
Unemployment Compensation	5,000	100	-	100
Total Employee Benefits	<u>768,206</u>	<u>857,959</u>	<u>824,921</u>	<u>33,038</u>

(Continued)

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT-  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
BUDGETARY COMPARISON SCHEDULE  
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Under (Over)
	Original Budget	Final Budget		
<b>OPERATING EXPENSES (CONTINUED)</b>				
<b>Contracted Services</b>				
Audit Services	5,650	5,650	5,650	-
Architect Services	-	375	375	-
Advertising	200	200	183	17
Administrative Fees	45,000	25,000	21,320	3,680
Contracts with Private Agencies	106,000	102,500	101,078	1,422
Language Line	1,300	700	646	54
Legal Services	500	500	500	-
Financial Advisory Services	-	3,500	3,500	-
Data Processing Services	-	6,650	6,646	4
Maintenance Agreements	97,280	106,068	105,550	518
Fuel Charges	4,300	3,700	3,643	57
Pest Control	680	740	740	-
NCIC/TBI/TIES	4,300	4,240	4,240	-
Maintenance and Repairs - Communication Equipment	1,000	1,000	-	1,000
Maintenance and Repairs - Office Equipment	200	200	-	200
Maintenance and Repairs - Building and Facilities	5,000	2,500	1,281	1,219
Maintenance and Repairs - Vehicles	800	800	68	732
Total Contracted Services	<u>272,210</u>	<u>264,323</u>	<u>255,420</u>	<u>8,903</u>
<b>Supplies and Materials</b>				
Small Equipment Purchases	6,500	5,000	4,464	536
Office Supplies	4,500	3,900	3,090	810
Postage	1,500	600	566	34
Custodial Supplies	6,000	4,000	3,812	188
Data Processing Supplies	3,500	2,500	2,267	233
Uniforms and Shirts	5,000	4,000	3,983	17
Utilities - Electric	23,000	23,000	22,801	199
Utilities - Gas	2,500	2,000	1,906	94
Utilities - Water	4,200	4,000	3,757	243
Utilities - Phones	22,000	21,000	20,858	142
Total Supplies and Materials	<u>78,700</u>	<u>70,000</u>	<u>67,504</u>	<u>2,496</u>

(Continued)

WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT-  
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE  
BUDGETARY COMPARISON SCHEDULE  
For the Fiscal Year Ended June 30, 2012

	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	1,604	196
Insurance - Workers Compensation	9,134	9,300	8,289	1,011
Insurance - Equipment	110	102	100	2
Insurance - Liability	3,450	5,082	5,082	-
Insurance - Building and Contents	6,377	7,060	7,060	-
Insurance - Vehicles	1,377	2,101	2,101	-
Dues and Membership	1,700	1,750	1,728	22
Legal Notices	400	400	228	172
Public Education	1,150	1,000	575	425
Employee Testing and Exams	500	700	699	1
Premiums on Surety Bonds	4,800	4,800	4,372	428
Service Awards	2,100	1,700	1,684	16
Training Expenses	15,000	10,000	6,498	3,502
Travel Expenses	15,000	10,000	7,493	2,507
Internet Charges	2,200	2,000	1,902	98
Total Other Charges	<u>65,098</u>	<u>57,795</u>	<u>49,415</u>	<u>8,380</u>
Depreciation				
Depreciation Expense	135,000	135,000	117,257	17,743
Total Depreciation Expense	<u>135,000</u>	<u>135,000</u>	<u>117,257</u>	<u>17,743</u>
OPERATING INCOME (LOSS)	(1,222,184)	(1,243,084)	(1,106,739)	(102,625)
<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	-
Loss on Disposal of Equipment	15,000	17,250	17,434	184
Interest Income	-	-	(1,717)	(1,717)
Total Nonoperating Revenues (Expenses)	<u>1,111,334</u>	<u>1,113,584</u>	<u>1,112,051</u>	<u>(1,533)</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(110,850)</u>	<u>(129,500)</u>	<u>5,312</u>	<u>134,812</u>
NET ASSETS, JULY 1, 2011	<u>2,060,604</u>	<u>2,060,604</u>	<u>2,060,604</u>	<u>-</u>
NET ASSETS, JUNE 30, 2012	<u>\$ 1,949,754</u>	<u>1,931,104</u>	<u>2,065,916</u>	<u>134,812</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, 2012

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**ROSTER OF BOARD MEMBERS**

***CHAIRMAN***

Kyle Shell

***VICE CHAIRMAN***

Ed Graybeal

***SECRETARY/TREASURER***

Greg Matherly

George Jaynes

Mark Sirois

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, 2012, and have issued our report thereon dated November 14, 2012. 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

Management of the Washington County Emergency Communications District, a component unit of Washington County, Tennessee is responsible for establishing and maintaining effective 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 14, 2012.

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 & STEAGALL, PLC

November 14, 2012