

**WASHINGTON COUNTY
EMERGENCY COMMUNICATIONS DISTRICT**

A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2013

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

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AND SUPPLEMENTARY INFORMATION

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**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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Washington County Emergency Communications District, a component unit of Washington County, Tennessee, as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 4-7 and 24 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.

Other Information

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 purposes of additional analysis and is not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Washington County Emergency Communications District's internal control over financial reporting and compliance.

Blackburn, Childers & Steagall, PLC
BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

November 4, 2013



**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, 2013. This discussion and analysis are 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 revenues for the Emergency Communications District was \$1,798,597 for the fiscal year 2013. This was a decrease of 3.25% from the previous year. The District's current 9-1-1 surcharge rate for wireline customers is \$1.50 for residential 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 position" refers to the difference between assets and liabilities. At the close of the fiscal year 2013, the District had net position of \$2,405,686 an increase of 16.44 % over the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 statements include Operating and Non-operating revenue. Operating revenue monies are 9-1-1 surcharges collected by the District's LEC (Local Exchange Carrier), 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. 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 Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position 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 position, which indicates an improved financial position.

The statement of Revenues, Expenses, and Changes in Net Position presents information showing how the District's net position changed during the fiscal year. All changes in net position 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 fully understanding 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, 2013</u>	<u>June 30, 2012</u>
ASSETS		
Current Assets	\$ 2,096,827	1,887,235
Capital Assets	852,199	653,884
TOTAL ASSETS	<u><u>\$ 2,949,026</u></u>	<u><u>2,541,119</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 512	100
Accrued Expenses	29,370	22,891
Accrued Payroll	28,215	24,111
Compensated Absences Payable	302,604	298,083
TOTAL CURRENT LIABILITIES	<u>360,701</u>	<u>345,185</u>
NON CURRENT LIABILITIES		
Other Post Employment Benefits	182,639	130,018
TOTAL NON CURRENT LIABILITIES	<u>182,639</u>	<u>130,018</u>
TOTAL LIABILITIES	<u>543,340</u>	<u>475,203</u>
NET POSITION		
Invested in Capital Assets	852,199	653,884
Unrestricted	1,553,487	1,412,032
TOTAL NET POSITION	<u><u>\$ 2,405,686</u></u>	<u><u>2,065,916</u></u>

REVENUE		
Operating Revenues	\$ 1,798,597	1,859,215
Nonoperating Revenue	<u>1,655,432</u>	<u>1,112,051</u>
TOTAL REVENUES	3,454,029	2,971,266
EXPENSES		
Operating Expenses	3,008,353	2,848,697
Depreciation	<u>105,906</u>	<u>117,257</u>
TOTAL EXPENSES	<u>3,114,259</u>	<u>2,965,954</u>
INCREASE IN NET POSITION	<u>339,770</u>	<u>5,312</u>
NET POSITION	<u>\$ 2,405,686</u>	<u>2,065,916</u>

Net position may serve, over time, as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities by \$2,405,686 at the close of June 30, 2013. This represents an increase of 16.44 % over the previous year. Unrestricted net position was \$1,553,487.

Total assets at year end are \$2,949,026 which includes \$2,096,827 of current assets and \$852,199 of capital assets. Total assets increased \$407,907 from previous year.

Total program revenue for the year was \$3,445,898 compared to \$2,953,832 in the previous year, an increase of \$492,066. Program revenues include 911 telephone surcharges, appropriations from Washington County and Johnson City, charges collected for alarm monitoring, audio recordings/reports, and state reimbursements. General revenues for the year were \$8,131 compared to \$17,434 in 2012, a decrease of \$9,303. General revenue includes interest on the District's investments. Total revenue was \$3,454,029 compared to \$2,971,266 for 2012, an increase of \$482,763. This increase is mainly from a one-time grant from the Tennessee Emergency Communications Board for the purchase of Next Generation 9-1-1 equipment as required by the Tennessee Emergency Communications Board.

Total operating expenses were \$3,008,353 for the year compared to \$2,848,697 in the previous year for an increase of \$159,656. Operating expenses are salaries and wages, employee benefits, contracted services, supplies and materials, and other charges.

Total expenses for the year were \$3,114,259 compared to \$2,965,954 in previous year, an increase of \$148,305. This includes total operating expenses and depreciation for year ending June 30, 2013.

The District's net position reflects its investment in Money Market Account, Money Market Savings Accounts, and Certificates of Deposits. These are in various local financial institutions all of which are members of the Tennessee State Collateral Pool. Much of the funds invested in certificates of deposits are expected to be used to purchase capital assets over the next five years. This plan includes relocating the District's 9-1-1 Communications Center and offices, maintaining the communications equipment hardware, software upgrades, and the auditors recommended fund reserve balance.

SIGNIFICANT EVENTS

The District purchased and installed a new state of the art Next Generation (NG) 9-1-1 answering equipment in April 2013. The District was the first of the eight East Tennessee Communications Districts to go online with the new equipment. The eight East Tennessee Communications Districts partnered together to purchase the NG 9-1-1 controllers and this was a cost savings for all Districts involved. The District entered into a purchase agreement to purchase property at 2423 Susannah Street, Johnson City. A roof inspection outlined major repairs were warranted, and the additional cost of roof repairs in addition to purchase cost, exceeded the District's price scope, and the District terminated the purchase agreement. The District is still pursuing options of relocating the 9-1-1 Center and/or to embark on major renovations to the current structure.

CASH FLOW

Net cash used for operating activities for the year were \$1,116,337, an increase of \$137,707 from the prior year. Net cash used by capital and related financing activities increased by \$298,200. Interest income decreased by \$9,303 and is reflected in the cash flow investment activities.

BUDGETING HIGHLIGHTS

The original 2012-2013 budget was approved June 2012. The budget was amended March 2013 and June 2013. The original and final budgets are presented as separate columns in the supplementary information.

CAPITAL ASSET AND DEBT ADMINISTRATION

The District's invested capital assets are \$852,199 as of June 30, 2013. This is an increase of \$198,315. The Capital assets increased due to purchase of the new Next Generation (NG) 9-1-1 controller and 9-1-1 answering equipment. This replaced the District's old 9-1-1 answering equipment thus removing that software and hardware from the District's assets.

Long Term Debt: The District has no long term debt as of June 30, 2013.

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 POSITION
June 30, 2013**

ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,097,263	
Certificate of Deposit: Long - Term	699,500	
Accounts Receivable	76,816	
Due from Tennessee Emergency Communications Board	187,555	
Prepaid Expenses	35,693	
Total Current Assets		2,096,827
CAPITAL ASSETS		
Building Improvements	531,587	
Vehicles	51,618	
Communication and Office Equipment	1,265,846	
Furniture and Fixtures	59,616	
Less: Accumulated Depreciation	<u>(1,056,468)</u>	
Total Capital Assets		<u>852,199</u>
TOTAL ASSETS		<u>2,949,026</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	512	
Accrued Expenses	29,370	
Accrued Payroll	28,215	
Compensated Absences Payable	<u>302,604</u>	
TOTAL CURRENT LIABILITIES		<u>360,701</u>
NON-CURRENT LIABILITIES		
Other Post-Employment Benefits	<u>182,639</u>	
TOTAL NON-CURRENT LIABILITIES		<u>182,639</u>
TOTAL LIABILITIES		<u>543,340</u>
NET POSITION		
Invested in Capital Assets	852,199	
Unrestricted	<u>1,553,487</u>	
TOTAL NET POSITION		<u><u>\$2,405,686</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 POSITION
For the Fiscal Year Ended June 30, 2013**

OPERATING REVENUES		
TN Emergency Telephone Service Charge	\$ 1,029,587	
Shared Wireless Charge	302,267	
Operational Funding	453,226	
Other Operating Revenues		
Tape Revenue	3,214	
Alarm Revenue	<u>10,303</u>	
 Total Operating Revenues		 <u>1,798,597</u>
 OPERATING EXPENSES		
Salaries and Wages		
Director	78,034	
Administrative Personnel	147,577	
Dispatchers	756,255	
Telecommunicators/Call takers	81,265	
GIS Coordinator	32,685	
Part-Time Personnel	18,286	
Dispatch Supervisors	123,912	
Training Supervisor	48,299	
Assistant Director	69,453	
Overtime Pay	89,412	
Longevity Bonus	25,550	
Pay Bonuses	43,527	
Holiday Pay	51,330	
Sick Pay	62,271	
Vacation Pay	86,772	
Compensatory Time Pay	<u>10,283</u>	
		1,724,911
Employee Benefits		
Social Security	100,554	
Medicare	23,517	
Life Insurance	11,013	
Medical Insurance	468,747	
Dental Insurance	31,446	
Retirement Contributions	192,659	
Other Post-Employment Benefits	<u>59,571</u>	
		887,507

(Continued)

**WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT-
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2013**

OPERATING EXPENSES (CONTINUED)

Contracted Services		
Audit Services	5,900	
Architects	1,900	
Advertising	85	
Administrative Fees	30,887	
Contracts with Private Agencies	94,658	
Language Line	724	
Legal Services	250	
Data Processing Services	16,685	
Maintenance Agreements	102,874	
Fuel Charges	3,555	
Pest Control	700	
NCIC/TBI/TIES	4,240	
Maintenance and Repairs - Building and Facilities	8,592	
Maintenance and Repairs - Vehicles	<u>219</u>	271,269
Supplies and Materials		
Small Equipment Purchases	5,163	
Office Supplies	3,904	
Postage	560	
Custodial Supplies	3,685	
Data Processing Supplies	1,474	
Uniforms and Shirts	3,978	
Utilities - Electric	22,398	
Utilities - Gas	2,122	
Utilities - Water	3,653	
Utilities - Phones	<u>19,016</u>	65,953
Other Charges		
Board Meeting Expenses	1,027	
Insurance - Workers Compensation	9,327	
Insurance - Equipment	102	
Insurance - Liability	4,745	
Insurance - Building and Contents	7,218	
Insurance - Vehicles	2,389	
Dues and Membership	1,586	
Legal Notices	48	
Public Education	244	
Employee Testing and Exams	711	
Premiums on Surety Bonds	4,495	
Service Awards	1,048	
Training Expenses	5,922	
Travel Expenses	11,554	
Claims and Judgments	5,000	
Internet Charges	<u>3,297</u>	58,713

(Continued)

**WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT-
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2013**

OPERATING EXPENSES (CONTINUED)		
Total Operating Expenses		3,008,353
OPERATING LOSS BEFORE DEPRECIATION		(1,209,756)
LESS: DEPRECIATION		(105,906)
OPERATING LOSS		(1,315,662)
NONOPERATING REVENUES (EXPENSES)		
Contributions from Primary Government	645,233	
Contributions from Other Government Agencies	594,331	
Tennessee Emergency Communications Board - Grants and Reimbursements	407,737	
Interest Income	8,131	
TOTAL NONOPERATING REVENUES (EXPENSES)		1,655,432
INCREASE IN NET POSITION		339,770
NET POSITION, JULY 1, 2012		2,065,916
NET POSITION, JUNE 30, 2013		\$ 2,405,686

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, 2013**

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Surcharges	\$ 1,050,979	
Cash Received from Other Entities	778,698	
Cash Payments to Employees	(1,716,286)	
Cash Payments for Employee Benefits	(828,407)	
Cash Payments for Contracted Services	(277,067)	
Cash Payments for Supplies	(65,541)	
Cash Payments for Other Charges	<u>(58,713)</u>	
Net Cash Used for Operating Activities		(1,116,337)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contributions from Primary Government	645,233	
Contributions from Other Local Government Agencies	<u>923,591</u>	
Net Cash Provided by Noncapital Financing Activities		1,568,824
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of Capital Assets	<u>(304,221)</u>	
Net Cash Used for Financing Activities		(304,221)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Certificates of Deposit: Long-Term	(200,000)	
Interest Income Received	<u>8,131</u>	
Net Cash Used for Investing Activities		<u>(191,869)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(43,603)
CASH AND CASH EQUIVALENTS AT JULY 1, 2012		<u>1,140,866</u>
CASH AND CASH EQUIVALENTS AT JUNE 30, 2013		<u><u>\$ 1,097,263</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, 2013**

RECONCILIATION OF OPERATING LOSS TO NET CASH
USED FOR OPERATING ACTIVITIES

Operating Loss	\$ (1,315,662)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	105,906
(Increase) Decrease in Accounts Receivable	21,392
(Increase) Decrease in Prepaid Expenses	(5,798)
(Increase) Decrease in Due From Tennessee Emergency Communications Board	9,688
Increase (Decrease) in Accounts Payable	412
Increase (Decrease) in Accrued Payroll	4,104
Increase (Decrease) in Accrued Expenses	6,479
Increase (Decrease) in Other Post-Employment Benefits	52,621
Increase (Decrease) in Compensated Absences Payable	4,521
NET CASH USED FOR OPERATING ACTIVITIES	\$ (1,116,337)

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, 2013**

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the District 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The District is a discretely presented Component Unit of Washington County, Tennessee. The District 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 the District.

The District 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 District considers restricted funds to have been spent first.

Basis of Accounting

The District 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. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying statement of net position in accordance with the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which was implemented during fiscal year 2013.

Cash and Deposits

Cash and Cash Equivalents on the Statements of Net Position and Cash Flows includes petty cash, cash on hand, demand deposits, and certificates of deposit with an original maturity of three months or less.

**WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

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

Cash and Deposits (Continued)

Cash and Cash Equivalents and Certificate of Deposit: Long-Term are all covered by FDIC insurance or by the State of Tennessee collateral pool. The Certificate of Deposit: Long-Term has an original maturity of greater than three months. There are no investments at June 30, 2013.

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 1 year of continuous employment, 80 hours after 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 40 hours of work. Without the proper request, employees are paid this rate on their next paycheck.

Accounts Receivable

Accounts receivable at June 30, 2013 consist of various surcharges totaling \$76,695 and a miscellaneous receivable of \$121. The District 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, 2013**

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, 2013, 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, 2013**

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	\$ 532,841	300	(1,554)	531,587
Vehicles	51,618	-	-	51,618
Office Equipment	1,352,400	298,281	(384,835)	1,265,846
Furniture and Fixtures	<u>53,976</u>	<u>5,640</u>	<u>-</u>	<u>59,616</u>
Total Capital Assets Being Depreciated	<u>1,990,835</u>	<u>304,221</u>	<u>(386,389)</u>	<u>1,908,667</u>
Less Accumulated Depreciation For:				
Building Improvements	(326,015)	(19,847)	1,554	(344,308)
Vehicles	(41,135)	(3,931)	-	(45,066)
Office Equipment	(918,520)	(80,755)	384,835	(614,440)
Furniture and Fixtures	<u>(51,281)</u>	<u>(1,373)</u>	<u>-</u>	<u>(52,654)</u>
Total Accumulated Depreciation	<u>(1,336,951)</u>	<u>(105,906)</u>	<u>386,389</u>	<u>(1,056,468)</u>
Total Capital Assets, Net	<u>\$ 653,884</u>	<u>198,315</u>	<u>0</u>	<u>852,199</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, 2013**

NOTE 5 - PENSION PLAN

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, 2013 was 12.05% 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, 2013**

NOTE 5 - PENSION PLAN (CONTINUED)

Annual Pension Cost

For the year ending June 30, 2013, Washington County 911's annual pension cost of \$190,421 to TCRS was equal to Washington County 911's required and actual contributions. The required contribution was determined as part of the July 1, 2011 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, 2011 was 10 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, 2013	\$190,421	100.00%	\$0.00
June 30, 2012	\$192,318	100.00%	\$0.00
June 30, 2011	\$184,149	100.00%	\$0.00

As of July 1, 2011, the most recent actuarial valuation date, the plan was 84.22 percent 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) \$1.52 million, and the ratio of the UAAL to the covered payroll was 38.65 percent.

The schedules of funding progress, presented as required supplementary information (RSI) 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, 2013**

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%

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 other 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 expected to be 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.

**WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy:

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

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	<u>(3,226)</u>
Annual OPEB Cost (Expense)	57,538
Contribution Made (assumed end of year)	<u>4,917</u>
Increase in Net OPEB Obligation	52,621
Net OPEB Obligation - Beginning of Year	<u>130,018</u>
Net OPEB Obligation - End of Year	<u><u>\$ 182,639</u></u>

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 2013 is as follows:

Fiscal Year Ending	Annual OPEB Cost	Net OPEB Obligation
6/30/2013	\$ 57,538	\$ 182,639
6/30/2012	\$ 57,674	\$ 130,018
6/30/2010	\$ 29,650	\$ 77,261

**WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT -
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

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	29.50%

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% (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, 2013**

NOTE 7 - CONTRACT

The District 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 District 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	\$ 872,849
CLEC	<u>156,738</u>
	<u><u>\$ 1,029,587</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, 2013**

Schedule of Funding Progress – Pension Plan

(\$ 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%

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	29.50%
July 1, 2008	\$ 0	\$ 204,179	\$ 204,179	0.0%	\$ 1,611,000	12.70%

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, 2013**

	Budgeted Amounts			Variance with Final Budget - Under (Over)
	Original Budget	Final Budget	Actual Amounts	
OPERATING REVENUES				
TN Emergency Telephone Service Charge	\$ 1,076,672	1,025,000	1,029,587	4,587
Shared Wireless Charge	285,000	299,000	302,267	3,267
Operational Funding	441,269	453,225	453,226	1
Other Operating Revenue				
Tape Revenue	3,359	3,000	3,214	214
Alarm Revenue	11,000	10,000	10,303	303
Total Operating Revenues	1,817,300	1,790,225	1,798,597	8,372
OPERATING EXPENSES				
Salaries and Wages				
Director	85,000	80,000	78,034	1,966
Administrative Personnel	145,000	148,000	147,577	423
Dispatchers	815,000	758,000	756,255	1,745
Telecommunicators/Call takers	50,000	81,500	81,265	235
GIS Coordinator	35,000	35,000	32,685	2,315
Part-Time Personnel	6,000	18,500	18,286	214
Dispatch Supervisors	150,000	125,000	123,912	1,088
Training Supervisor	43,174	48,500	48,299	201
Assistant Director	75,000	70,000	69,453	547
Overtime Pay	85,000	90,000	89,412	588
Longevity Bonus	27,650	27,650	25,550	2,100
Pay Bonuses	-	44,000	43,527	473
Holiday Pay	55,200	51,500	51,330	170
Sick Pay	60,000	65,774	62,271	3,503
Vacation Pay	98,000	87,000	86,772	228
Miscellaneous Pay	500	100	-	100
Compensatory Time Pay	10,500	10,500	10,283	217
Total Salaries and Wages	1,741,024	1,741,024	1,724,911	16,113
Employee Benefits				
Social Security	107,943	107,943	100,554	7,389
Medicare	25,245	25,245	23,517	1,728
Life Insurance	13,800	13,800	11,013	2,787
Medical Insurance	489,900	489,900	468,747	21,153
Dental Insurance	36,800	36,800	31,446	5,354
Retirement Contributions	207,081	207,081	192,659	14,422
Other Post-Employment Benefits	35,949	59,571	59,571	-
Unemployment Compensation	100	2,500	-	2,500
Total Employee Benefits	916,818	942,840	887,507	55,333

(Continued)

**WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT-
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Under (Over)
	Original Budget	Final Budget	Actual Amounts	
OPERATING EXPENSES (CONTINUED)				
Contracted Services				
Audit Services	5,900	5,900	5,900	-
Architects	-	1,900	1,900	-
Advertising	200	200	85	115
Administrative Fees	32,300	32,300	30,887	1,413
Contracts with Private Agencies	99,656	100,444	94,658	5,786
Database Processing Services	15,950	16,685	16,685	
Language Line	800	800	724	76
Legal Services	500	500	250	250
Maintenance Agreements	108,588	110,359	102,874	7,485
Fuel Charges	3,600	3,600	3,555	45
Pest Control	800	800	700	100
Janitorial	600	600	-	600
NCIC/TBI/TIES	4,240	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	1,000	9,000	8,592	408
Maintenance and Repairs - Vehicles	800	800	219	581
Total Contracted Services	276,134	289,328	271,269	18,059
Supplies and Materials				
Small Equipment Purchases	7,500	7,500	5,163	2,337
Office Supplies	4,000	4,000	3,904	96
Postage	500	575	560	15
Custodial Supplies	4,000	4,000	3,685	315
Data Processing Supplies	1,500	1,500	1,474	26
Uniforms and Shirts	4,000	4,000	3,978	22
Utilities - Electric	23,840	23,840	22,398	1,442
Utilities - Gas	2,000	2,125	2,122	3
Utilities - Water	4,000	4,000	3,653	347
Utilities - Phones	21,000	21,000	19,016	1,984
Total Supplies and Materials	72,340	72,540	65,953	6,587

(Continued)

**WASHINGTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT-
A COMPONENT UNIT OF WASHINGTON COUNTY, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Under (Over)
	Original Budget	Final Budget		
OPERATING EXPENSES (CONTINUED)				
Other Charges				
Board Meeting Expenses	1,600	1,600	1,027	573
Insurance - Workers Compensation	9,300	10,000	9,327	673
Insurance - Equipment	105	105	102	3
Insurance - Liability	5,300	5,300	4,745	555
Insurance - Building and Contents	7,413	7,413	7,218	195
Insurance - Vehicles	2,206	2,390	2,389	1
Dues and Membership	1,700	1,700	1,586	114
Legal Notices	400	400	48	352
Public Education	1,000	1,000	244	756
Employee Testing and Exams	500	711	711	-
Premiums on Surety Bonds	4,800	4,800	4,495	305
Service Awards	1,000	1,100	1,048	52
Training Expenses	20,000	20,000	5,922	14,078
Travel Expenses	10,000	10,000	11,554	(1,554)
Claims and Judgments	-	5,000	5,000	-
Internet Charges	2,000	3,500	3,297	203
Total Other Charges	<u>67,324</u>	<u>75,019</u>	<u>58,713</u>	<u>16,306</u>
Depreciation				
Depreciation Expense	135,000	135,000	105,906	29,094
Total Depreciation Expense	<u>135,000</u>	<u>135,000</u>	<u>105,906</u>	<u>29,094</u>
OPERATING INCOME (LOSS)	(1,391,340)	(1,465,526)	(1,315,662)	149,864
NONOPERATING REVENUES (EXPENSES)				
Contributions from Primary Government	626,005	590,000	645,233	55,233
Contributions from Other Government Agencies	630,336	649,564	594,331	(55,233)
TECB Grants	362,686	407,000	407,737	737
Interest Income	12,000	8,000	8,131	131
Total Nonoperating Revenues (Expenses)	<u>1,631,027</u>	<u>1,654,564</u>	<u>1,655,432</u>	<u>868</u>
INCREASE (DECREASE) IN NET POSITION	239,687	189,038	339,770	150,732
NET POSITION, JULY 1, 2012	<u>2,065,916</u>	<u>2,065,916</u>	<u>2,065,916</u>	<u>-</u>
NET POSITION, JUNE 30, 2013	<u>\$ 2,305,603</u>	<u>2,254,954</u>	<u>2,405,686</u>	<u>150,732</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, 2013**

ROSTER OF BOARD MEMBERS

CHAIRMAN

Kyle Shell

VICE CHAIRMAN

Ed Graybeal

SECRETARY/TREASURER

Mark Sirois

George Jaynes

Dan Wheeley

Harmon Mathes

Nes Levotch

Sam Phillips

Mark Scott

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, in accordance with the 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, the financial statements of the Washington County Emergency Communications District, a component unit of Washington County, Tennessee as and for the fiscal year ended June 30, 2013, and the related notes the financial statements, which collectively comprise the Washington County Emergency Communications District's basic financial statements, and have issued our report thereon dated November 4, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Washington County Emergency Communications District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 internal control. Accordingly, we do not express an opinion on the effectiveness of Washington County Emergency Communications District's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Washington County Emergency Communications District
Independent Auditors' Report on Internal Control and on
Compliance and Other Matters

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington County Emergency Communications District's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blackburn, Childers & Steagall, PLC
BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

November 4, 2013