

Washington County Consolidated Communications Agency

Comprehensive Annual Financial Report

For the fiscal year ended
June 30, 2008

Prepared by:
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Paul A. Pedersen, Jr. Director

Washington County Consolidated Communications Agency
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008

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Introductory Section

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Washington County Consolidated Communications Agency

October 16, 2008

**Chair Rob Drake and
Members of the Board of Commissioners**

We are pleased to submit the Comprehensive Annual Financial Report of Washington County Consolidated Communications Agency (WCCCA or Agency) for the fiscal year ended June 30, 2008. Management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, management has established an internal control framework that is designed both to protect the Agency's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Agency's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not exceed anticipated benefits, the Agency's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Talbot, Korvola and Warwick, L.L.P. has issued an unqualified ("clean") opinion to accompany the Agency's financial statements for the fiscal year ended June 30, 2008. The Independent Auditor's Report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The Agency is a local government established to provide countywide dispatch operations for 9-1-1 call answering and all fire, emergency medical services (EMS) and law enforcement dispatching. The Agency is an Oregon Revised Statutes (ORS) Chapter 190 Intergovernmental Agency established to provide 9-1-1 service and public safety communications for police, fire, and EMS in Washington County, Oregon. The Agency operates under the authority of ORS 190.010 and is established as a 9-1-1 jurisdiction in accordance with ORS 401.710 to 401.790.

As a Chapter 190 organization, the Agency is effectively a partnership established and governed by the following governments: Washington County; City of Hillsboro; City of Beaverton; Tualatin Valley Fire and Rescue; City of Tigard; City of Tualatin; City of Forest Grove; City of Sherwood; City of Cornelius; Washington County Fire District Number 2; City of King City; City of Gaston; City of North Plains; Banks Fire District Number 13; City of Durham, and the City of Banks. The Agency's Board of Commissioners is comprised of one representative from each of these participating jurisdictions.

The Agency dispatches emergency services personnel to an area encompassing over 900 square miles. The area includes all of Washington County, a portion of northwest Clackamas County, and portions of the western area of Multnomah County contiguous with the boundaries of Tualatin Valley Fire and Rescue.

The Board of Commissioners of the Agency is responsible for the appointment of the Director, strategic planning, establishment of Agency service levels and performance standards, adoption of the annual budget, and approval of all contracts over \$50,000.

The Chief Executive Officers (CEO) Board's function is to provide oversight of, and assistance to the Director in Agency operational matters; consider and make recommendations to the full Board on budgetary issues, contracts up to \$50,000, salary levels, and labor negotiations; approve policies and strategies to meet established Agency service levels; serve as the Local Contract Review Board, and provide for an annual audit of the Agency's finances.

On an annual basis, the Agency prepares a budget for its funds, all of which conduct governmental activities. Although not subject to the State of Oregon budget law, the Agency chooses to follow the defined processes established in that law. Anticipated revenues and planned expenditures are estimated by management, reviewed by the Chief Executive Officers Board and proposed to the Budget Committee. Once the Budget Committee has approved the appropriations for the upcoming fiscal year, a public hearing is held before the Board of Commissioners (the Board). The Board may make changes within defined limits and adopts the budget for all funds by resolution. Upon adoption, the Agency is required to operate within the established category levels of appropriations as stated in the resolution: personal services, materials and services, capital outlay and other expenditures. Any changes that are necessary at the category level of the budget must be approved by the Board by resolution.

WCCCA's Board of Commissioners has established a mission statement for the Agency, which reflects WCCCA's commitment to providing quality services to all of its customers. In undertaking a strategic planning process, the Board is considering revisions to the mission statement. Currently, the mission statement reads, "WCCCA is committed to providing timely, efficient and compassionate communication services to all citizens through innovation, employee excellence, and partnerships with public-safety providers." The following mission statement is under consideration:

"WCCCA'S mission is to support the public safety of our community through:

- *Rapid dispatch of appropriate first responders aided with the best information available;*
- *Ongoing communications innovations and problem-solving partnerships with public safety providers, and*
- *Outstanding assistance to every citizen."*

In the strategic planning process, the following goals have been developed for further consideration by the Board:

Real Time Public Safety Response Goals

1. **Answer 9-1-1 calls quickly and effectively:** *Meet or exceed benchmarks for the speed of emergency call answering and the quality of assistance provided to the caller.*
2. **Fast fire & EMS dispatch:** *Meet or exceed benchmarks for dispatching the right fire/EMS resource fast and following through with quality event and location information support.*
3. **Effective police dispatch:** *Meet or exceed benchmarks for police dispatch speed, resource management, and information quality.*
4. **Safe, efficient radio management:** *Keep the airwaves clear for what matters most.*

Ongoing Public Safety Partner Support Goals

5. **Partner with the community of users in public safety problem solving:** *Enhance police responders' ability to reduce crime, fear, and disorder and fire users' ability to reduce the frequency and severity of emergency events.*

Ongoing Public Safety Partner Support Goals (continued)

6. **Stay prepared to connect all necessary responders during a major emergency:** *Ensure preparedness for catastrophic events within WCCCA and with local and regional response partners.*
7. **Lead the community of users to fulfill a robust technology vision:** *Ensure core public-safety grade interoperability enhanced by emerging innovations in voice and data communications.*

Administrative & Structural Support Goals

8. **Support our employees in a culture of excellence:** *Maintain full staffing in an environment respectful of diversity and supportive of employee needs, innovation, and skill development.*
9. **Build on WCCCA's position as an agency providing consolidated cost efficiencies:** *Meet or exceed targets for financial management, efficiency partnerships, and user confidence in WCCCA as a value-added partner.*

The Local Economy

Washington County has the second largest population of Oregon counties and is experiencing the highest rate of population growth in the State of Oregon, currently in excess of 500,000 (2007 statistic). The County's population includes two of the state's largest cities, Hillsboro and Beaverton.

The Washington County area serves as the home to internationally recognized companies such as Nike, Mentor Graphics, In Focus, and Tektronix. Top metropolitan area employers include Intel, Fred Meyer, Inc., Verizon Northwest, Portland General Electric, IBM, Kaiser Permanente, Providence Health Systems, U.S. Bancorp, Tektronix, Nike, and Maxim Integrated Products, among others. The area has attracted significant retail and wholesale marketers such as Costco Wholesale Clubs, Dayton-Hudson Stores, and Rite-Aid Drug Stores, and companies such as Pacific Realty Associates. Nike's world headquarters complex houses thousands of employees in office buildings located in Washington County. Intel has continued to invest in multi-million dollar facility expansions to manufacture state-of-the-art computer chips, largely in the City of Hillsboro.

As an ORS 190 organization, the Agency is funded largely by user fees from the participating jurisdictions and also State of Oregon levied 9-1-1 telephone excise taxes. The 9-1-1 excise tax is a state-mandated tax of 75 cents per month levied on all telephones, including cellular phone lines and voice over internet protocol (VoIP), which have access to 9-1-1. Revenues from this excise tax have been increasing due to the County's population growth and all increases in the number of phone devices, against which are levied the 9-1-1 excise tax. During the 2007 legislative session, House Bill 2369 was passed extending the 9-1-1 excise tax to December 31, 2014.

The strength of the Agency resides in its large partnership base of all participating jurisdictions. Member agencies are municipalities and districts supported by property taxes and a number of other sources of revenue. The Agency remains responsive to its member governments' budgetary limitations and seeks to maximize efficiencies and minimize user agency fees through the effective management of resources.

Major Initiatives

Agency staff performed an active role in the Urban Area Strategic Initiative, continuing as a member of the consortium of seven communications centers in the metropolitan region. The consortium secured approximately \$1.3 million in project funding to develop and implement an upgraded and enhanced Computer Aided Dispatch (CAD) system in partnership with Clackamas County. The new CAD will improve the center's interoperability, ability to respond and recover from a regional emergency and provide redundancy to the Agency and Clackamas County.

The Nextel Rebanding project has been one of the largest projects for WCCCA's Technical staff through 2007 and 2008. In 2005, the FCC negotiated a settlement between Nextel and public safety users nationwide

to resolve issues with interference caused by Nextel on the public safety frequencies. The solution involves moving all public safety users farther away from Nextel frequencies, and installing guard and expansion bands as a buffer. This solution should significantly reduce interference issues experienced by all public safety users, but will take a massive effort on the parts of the parties involved. As part of the settlement, Nextel has agreed to fund the move and has provided replacement of radios and equipment that are not capable of being reprogrammed. The rebanding project is nearing completion as of the date of this report.

WCCCA staff continues to support the Clackamas County 800 MHz radio system, both technologically and operationally. The sites in Clackamas County provide direct benefit to the eastern portion of Washington County through better coverage in the cities of Beaverton, Tigard, and Tualatin as well as those areas served by Tualatin Valley Fire and Rescue and Washington County Sheriff's Office.

Another primary focus in the current year has been to finalize the construction of the new radio tower sites and the associated technological upgrades. These upgrades are expected to improve radio coverage for user agencies and improve interoperability with other radio systems in the region to better prepare for potential emergency events.

WCCCA staff continues involvement in the Governor's initiative regarding a statewide radio system providing interoperability.

Other Information

Independent Audit

State of Oregon Revised Statutes, ORS 297.405 to 297.555, require an annual audit of the fiscal affairs of the Agency by independent public accountants selected by the Board of Commissioners. The Agency is in compliance with this requirement and the auditor's opinion has been included in this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Washington County Consolidated Communications Agency for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This is the eleventh year that the Agency has received this award. In order to be awarded a Certificate of Achievement, a public agency must achieve the highest standards in governmental accounting and financial reporting.

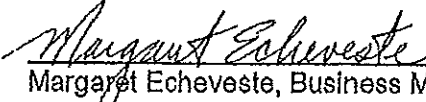
A Certificate of Achievement is valid for a period of one year only. We believe that this current comprehensive annual financial report meets the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

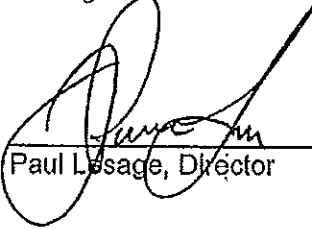
WCCCA has applied for the GFOA Distinguished Budget Presentation Award for the fiscal year beginning July 1, 2007. In order to be awarded a Distinguished Budget Presentation Award, a public agency must publish an effective and understandable financial plan for the upcoming fiscal year and beyond. This was the sixth year that the Agency has applied for this award, and the Agency has received this award in the five previous years. The Agency, with its Board, is committed to continuing efforts to plan well for its financial future.

Acknowledgments

We express our gratitude to the administrative staff at WCCCA for their diligent work throughout the year, particularly in the transition to a new accounting system and integrating the full financial responsibilities of the Agency. We also would like to extend our appreciation to the Board of Commissioners, partners, managers, and employees of the Agency whose continuing support is vital to the financial affairs of this public safety Agency.

Respectfully submitted,


Margaret Echeveste, Business Manager


Paul Lesage, Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Washington County
Consolidated Communications
Agency, Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



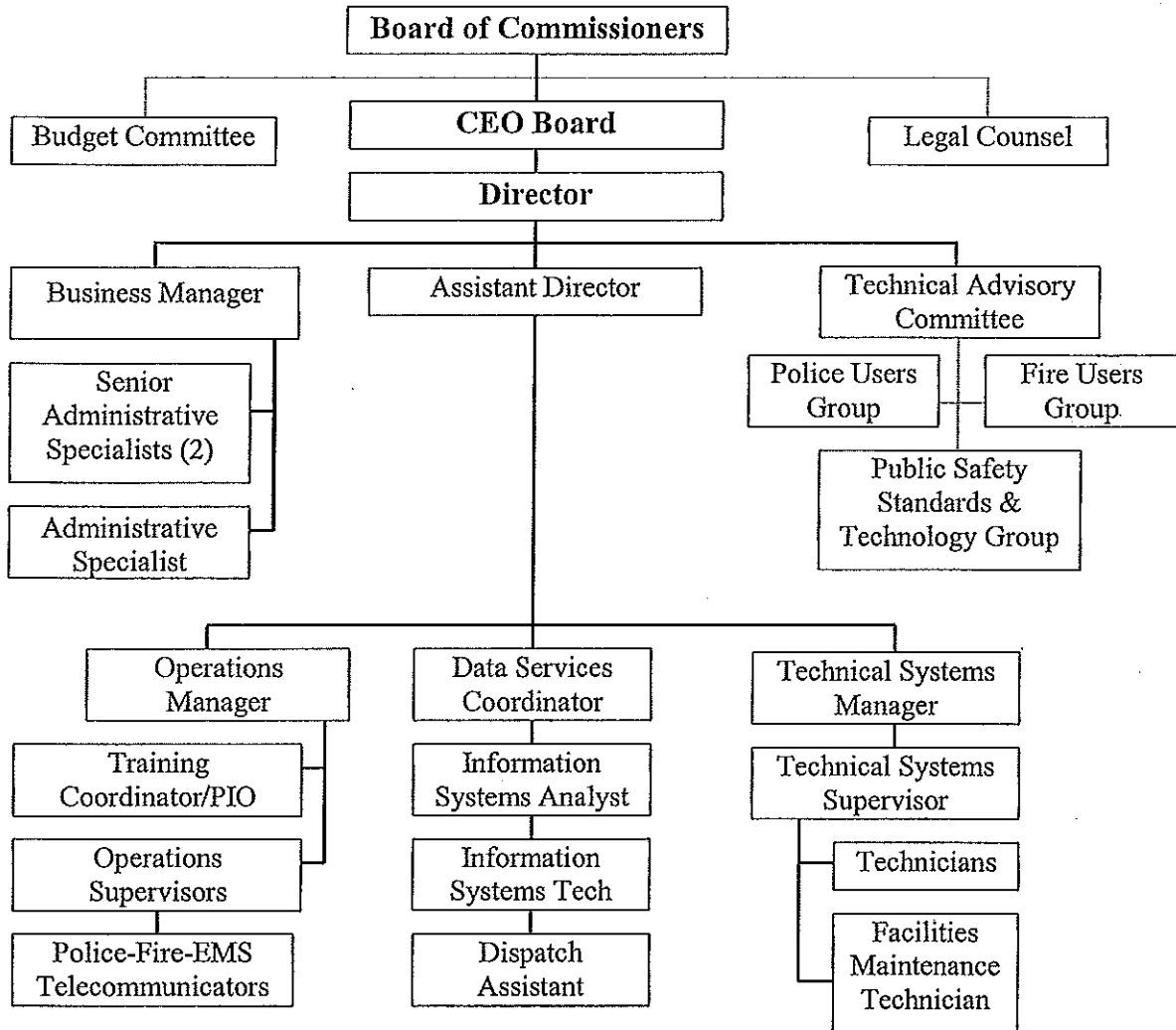
Charles S. Cox

President

Jeffrey R. Emer

Executive Director

Washington County Consolidated Communications Agency Organizational Chart



Washington County Consolidated Communications Agency
Board of Commissioners
June 30, 2008

Mayor Rob Drake, Chair
City of Beaverton
PO Box 4755
Beaverton, OR 97075

Paul Rubenstein, Vice Chair
Cornelius Police Department
1355 N. Barlow Street
Cornelius, OR 97113

Brian Coussens
Banks Fire District #13
300 S Main Street
Banks, OR 97106

Ron Ruecker
City of Sherwood
20495 SW Borchers Drive
Sherwood, OR 97140

Bob Wyffels
Tualatin Valley Fire and Rescue
9777 SE Elrose Street
Tigard, OR 97224

Chuck Fessler
King City Police Dept.
15300 SW 116th Avenue
King City, OR 97224

Robert Mills
City of Forest Grove
PO Box 326
Forest Grove, OR 97116

Phil Anderson
Gaston Fire District
46377 SW Patton Valley Road
Gaston, OR 97119

Roland Signett
City of Durham
1867 SW Whitfurrows Court
Durham, OR 97224

Al Orr
City of Tigard
13125 SW Hall Boulevard
Tigard, OR 97223

Chris Asanovic
Cornelius Fire Department
1355 N Barlow Street
Cornelius, OR 97113

Jay Harris
City of Tualatin
18880 SW Martinazzi Avenue
Tualatin, OR 97062

Teri Branstitre
City of Banks
100 S Main
Banks, OR 97106

Robert Kindel, Jr.
City of North Plains
PO Box 136
North Plains, OR 97133

Vacant
Washington County Fire Dist #2

Robert Davis
Washington County
155 N First Avenue, MS 21
Hillsboro, OR 97124

Robert Massar
City of Hillsboro
123 W. Main Street
Hillsboro, OR 97123

Administrative Offices

17911 NW Evergreen Parkway
Beaverton, OR 97007

Registered Agent

None

Legal Counsel

Bullivant, Houser, Bailey
300 Pioneer Tower
888 SW Fifth Avenue
Portland, OR 97204

Washington County Consolidated Communications Agency
Budget Committee
June 30, 2008

Name	Jurisdiction
Phil Anderson	Gaston Fire District
Chris Asanovic	Cornelius Fire District
Teri Branstitre	City of Banks
Brian Coussens	Banks Fire District No. 13
Robert Davis	Washington County
Rob Drake	City of Beaverton
Patrick Duffy	City of Beaverton
Chuck Fessler	City of King City
Jay Harris	City of Tualatin
TJ Johnston	City of Forest Grove
Robert Kindel, Jr.	City of North Plains
Sue Lamb	City of Tualatin
Robert Massar	City of Hillsboro
Robert Mills	Forest Grove Fire District
Michael Mudrow	Tualatin Valley Fire and Rescue
Al Orr	City of Tigard
Bob Rohlf	City of Tigard
Paul Rubenstein	City of Cornelius
Ron Ruecker	City of Sherwood
Roland Signett	City of Durham
Vacant	Washington County Fire District No. 2
Bob Wyffels	Tualatin Valley Fire and Rescue

Paul A. Pederson, Jr.
Director/Budget Officer

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Financial Section



4800 S.W. Macadam, Suite 400 • Portland, Oregon 97239-3973
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INDEPENDENT AUDITOR'S REPORT

October 16, 2008

Board of Directors
Washington County Consolidated Communications Agency
Beaverton, Oregon

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington County Consolidated Communications Agency (the Agency) as of and for the year ended June 30, 2008, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions 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. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Agency as of June 30, 2008, the respective changes in financial position thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 16 through 22 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Washington County Consolidated Communications Agency
October 16, 2008
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The supplemental information on pages 44 through 46 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By 

Robert G. Moody, Jr., Partner

Washington County Consolidated Communications Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2008

As management of Washington County Consolidated Communications Agency (WCCCA or the Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-7 of this report.

Financial Highlights

- In the government-wide financial statements, the assets of the Agency exceeded its liabilities at June 30, 2008, by \$15,838,295 (*net assets*). Of this amount, \$9,097,186 represents the Agency's investment in capital assets; \$1,345,594 is restricted for facility improvements and equipment, and the balance of \$5,395,515 (*unrestricted net assets*) may be used to meet the Agency's ongoing obligations to participating governments and creditors.
- The Agency's total net assets increased by \$1,351,716. The increase is primarily due to the following reasons:
 1. During the fiscal year, the State of Oregon determined that the amount of 9-1-1 excise taxes that had been withheld over prior years by the state agency accounting for the distribution of the taxes were required to be turned over to cities and counties. The Agency's participating governments portion of this additional distribution was \$521,627, which was paid to the Agency;
 2. During the fiscal year, Nextel, in cooperation with Motorola, contributed \$370,000 of "re-banded" (next generation technology) hand-held radios, in-vehicle radios and a few base station radios, to the Agency. All of these radios were held in inventory at June 30, 2008.
 3. During the fiscal year, the Agency received the first of four \$125,000 annual payments from Washington County from its public safety local option tax levy.
- As of the close of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of \$6,630,884, a decrease of \$110,692 in comparison to the prior year. Approximately 62% of this total amount, \$4,078,647, is available in the General Fund for spending at the Agency's discretion (*unreserved, undesignated fund balance*).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$4,078,647 or 46 percent of total general fund expenditures.
- Under its intergovernmental agreement forming the Agency's partnership, the Agency is not allowed to incur debt. In 2006, Washington County (which currently owns the 9-1-1 center's facility) passed a local option levy on the Agency's behalf for computer technology capital improvements. Funding from this local option levy began in the current fiscal year and will continue at a set amount of \$125,000 per year for four years.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business, and include the *Statement of Net Assets* and the *Statement of Activities*.

Washington County Consolidated Communications Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2008

The *Statement of Net Assets* presents information on all of the Agency's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *Statement of Activities* presents information showing how the Agency's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the 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 (e.g., uncollected taxes and earned but unused vacation leave).

In the government-wide financial statements, the Agency's activities are shown in one category: *governmental activities*. The governmental activities of the Agency include emergency communications and dispatch operations, and are primarily supported through 9-1-1 taxes and charges for services to other governments.

The government-wide financial statements can be found on pages 24 and 25 of this report.

Fund financial statements. The *fund financial statements* provide more detailed information about the Agency's funds, focusing on its most significant or "major" funds. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency are governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund *Balance Sheet* and governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balances* provide reconciliations to facilitate the comparison to the government-wide *Statement of Net Assets* and *Statement of Activities*, respectively.

The Agency maintains four individual governmental funds. Information is presented separately in the governmental fund *Balance Sheet* and *Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund, System Upgrade Capital Fund and Capital Equipment Replacement Fund, all of which are considered to be major funds. The remaining governmental fund is a nonmajor fund and is shown under the column heading of "Nonmajor Facilities Maintenance Fund". Since there are no other nonmajor funds, no *combining statements* are presented in this report.

The Agency adopts annual appropriated budgets for all funds. A budgetary comparison statement has been provided for the General Fund and the Capital Equipment Replacement Fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 26 and 28 of this report.

Washington County Consolidated Communications Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 31 - 39 of this report.

Other information. The Statistical Section of this report offers information regarding the Agency's economic condition and can be found beginning on page 47.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$15,838,295 at June 30, 2008.

The largest portion of the Agency's net assets (57 percent) reflects its investment in capital assets (e.g. communications towers and equipment, leasehold improvements, furniture and fixtures). The Agency uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Net assets invested in capital assets is to be reported net of related debt; this Agency, however, has no debt.

Net Assets	Governmental Activities		Increase (Decrease) from 2007
	2008	2007 Restated	
Current and other assets	\$ 7,572,820	\$ 7,136,769	\$ 436,051
Capital assets	9,097,187	8,074,817	1,022,370
Total assets	16,670,007	15,211,586	1,458,421
 Current Liabilities	 831,712	 725,007	 106,705
 Net assets:			
Invested in capital assets, net of related debt	9,097,187	8,074,817	1,022,370
Restricted for capital projects	1,345,594	2,237,105	(891,511)
Unrestricted	5,395,514	4,174,657	1,220,857
Total net assets	\$ 15,838,295	\$ 14,486,579	\$ 1,351,716

An additional portion of the Agency's net assets (8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$5,395,515) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Agency is able to report positive balances in all three categories of net assets. The same is true for the prior fiscal year.

There was a decrease of \$891,511 in restricted net assets relative to the prior year. This is a result of resources being used during the fiscal year for capital construction and related equipment and services, the purposes for which the resources were restricted.

Current and other assets consist mainly of cash and cash equivalents and 9-1-1 taxes receivable which are used to meet the Agency's ongoing obligations to its participating governments. Current liabilities of the Agency consist of accounts payable, salaries and benefits payable, and accrued compensated absences. The Agency's largest liability (43 percent) is for accrued compensated absences.

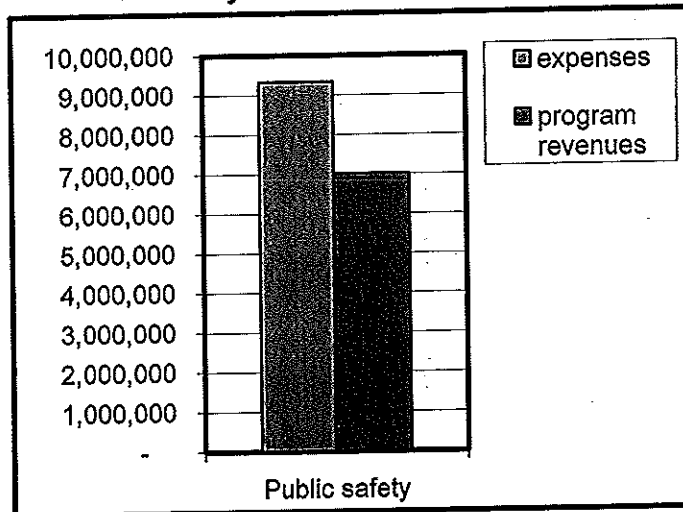
Washington County Consolidated Communications Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Governmental activities. Governmental activities, which represent all of the Agency's activities, increased net assets by \$1,351,716. Key elements of the increase in net assets for the Agency are as follows:

<u>Changes in Net Assets</u>	<u>Governmental Activities</u>		<u>Increase (Decrease) from 2007</u>
	<u>2008</u>	<u>2007 Restated</u>	
Revenues:			
Program revenues:			
Charges for services	\$ 6,365,948	\$ 6,246,744	\$ 119,204
Operating grants and contributions	370,000	208,614	161,386
Capital grants and contributions	269,545	257,164	12,381
General revenues:			
9-1-1 taxes	3,231,942	2,634,950	596,992
Earnings on investments	271,251	316,355	(45,104)
Other	175,823	35,750	140,073
Total revenues	<u>10,684,509</u>	<u>9,699,577</u>	<u>984,932</u>
Expenses:			
Public safety	<u>9,332,793</u>	<u>9,242,263</u>	<u>90,530</u>
Total expenses	<u>9,332,793</u>	<u>9,242,263</u>	<u>90,530</u>
Increase in net assets	1,351,716	457,314	894,402
Net assets - July 1, as restated	<u>14,486,579</u>	<u>14,029,265</u>	<u>457,314</u>
Net assets - June 30	<u>\$ 15,838,295</u>	<u>\$ 14,486,579</u>	<u>\$ 1,351,716</u>

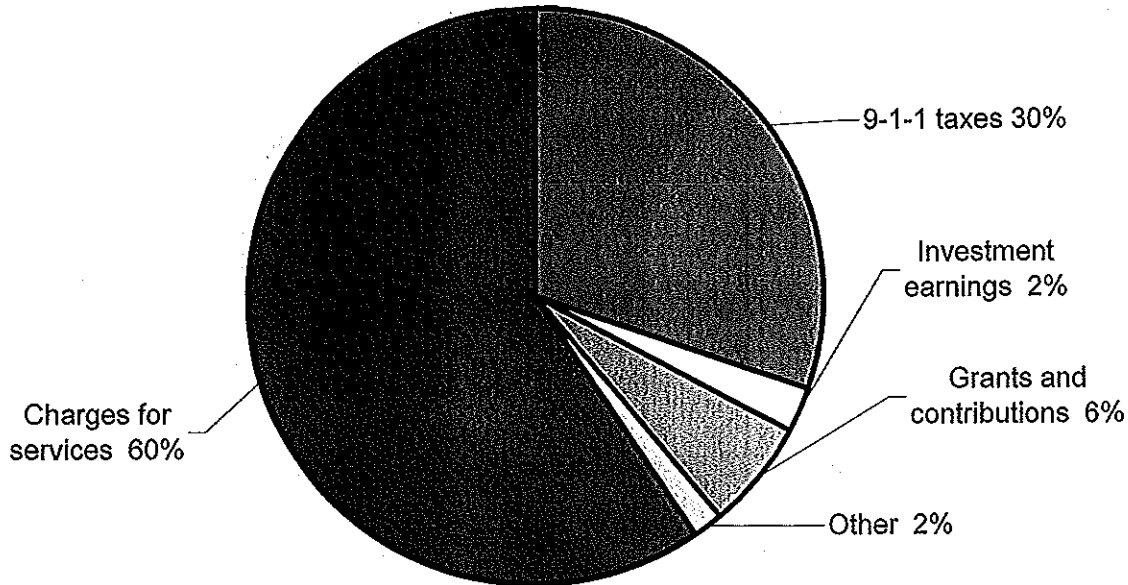
Expenses and Program Revenues – Governmental Activities

For the year ended June 30, 2008



Washington County Consolidated Communications Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Revenues by Source – Governmental Activities



Financial Analysis of the Government's Funds

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Agency's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Agency's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2008, the Agency's governmental funds reported combined ending fund balances of \$6,630,884, a decrease of \$110,692 in comparison with the prior year. The total amount (100 percent) constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion.

General Fund. The general fund is the operating fund of the Agency. At the end of the current fiscal year, 100 percent of the general fund balance was unreserved and undesignated. As a measure of the general fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. Total, unreserved fund balance represents 46 percent of total general fund expenditures.

During the current fiscal year, the fund balance of the Agency's general fund increased by \$518,910. This increase is due to the 9-1-1 telephone excise tax increase of nearly 20% (\$522,323). During the fiscal year, the State of Oregon distributed an additional amount of 9-1-1 taxes that had been withheld in prior years. The amount of this additional distribution to the Agency was \$521,627. Without this additional distribution, 9-1-1 taxes were otherwise virtually flat in comparison to the prior year.

System Upgrade Capital Fund. The System Upgrade Capital Fund accounts for the resources dedicated to constructing the expanded number of communications towers and installation of associated equipment. By the end of the fiscal year at June 30, 2008, the ending fund balance of this fund had declined to \$1,345,594, a decrease of \$891,511 in comparison to the prior fiscal year end. This planned reduction in fund balance will continue to the end of the construction phase with dedicated funds spent as intended.

Washington County Consolidated Communications Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2008

General Fund Budgetary Highlights

During the fiscal year there was a \$144,545 increase in appropriations between the original and final amended budget. The two components (\$42,642 and \$101,903) of this increase were for grant funds received during the year, both for purchases of capital computer equipment and software.

Actual results of operations of the General Fund varied in comparison to the final amended budget for reasons as follow:

- Beginning fund balance, required to be budgeted as a resource under Oregon law, exceeded budget by \$591,617;
- 9-1-1 tax revenue exceeded budget by \$777,816 due primarily to the additional distribution paid out by the State of Oregon during the fiscal year (\$521,627 for the Agency);
- Interest earnings were in excess of the budgeted amounts by \$83,370 due to a larger than anticipated beginning fund balance and improved cash management;
- Miscellaneous revenue exceeded budget by \$119,701 due largely to a payment by Sprint in the amount of \$77,866 for the re-banding work efforts performed by Agency staff;
- Personal Services expenditures amounted to \$662,355 less than budget because the Agency adopted appropriations for all positions in full but experienced vacancies during the year.

For the above reasons and other, the ending fund balance of the General Fund exceeded the final budget by \$3,602,452.

Capital Assets

The Agency's investment in capital assets includes leasehold improvements, vehicles, furniture, fixtures, equipment, and work in progress. As of June 30, 2008, the Agency had invested \$9,097,187 in capital assets, net of depreciation, as shown in the following table:

Capital Assets (net of depreciation)	Governmental Activities		Increase (Decrease) from 2007
	2008	2007 Restated	
Leasehold improvements	\$ 190,610	\$ 196,588	\$ (5,978)
Vehicles	77,367	79,556	(2,189)
Furniture, fixtures and equipment	1,203,160	1,401,378	(198,218)
Work in progress	7,626,050	6,397,295	1,228,755
Total	\$ 9,097,187	\$ 8,074,817	\$ 1,022,370

During the year, the Agency's investment in capital assets increased by \$1,022,370 mainly due to the continued construction of the communications towers and associated equipment included in work in progress above.

Additional information on the Agency's capital assets can be found in note III.B on pages 36-37 of this report.

Economic Factors and Next Year's Budget

The Agency's 9-1-1 revenues have a direct correlation with population growth since 9-1-1 telephone excise tax revenue is based on the number of phones the Washington County population owns, including

Washington County Consolidated Communications Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2008

land lines, cell phones and voice over internet protocol. The Agency anticipates moderate growth in 9-1-1 tax revenues in future years based upon continued population growth and ownership of telephones.

Requests for Information

This financial report is designed to provide a general overview of Washington County Consolidated Communications Agency's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Administration, Washington County Consolidated Communications Agency at P.O. Box 6375, Beaverton, Oregon, 97007.

Basic Financial Statements

Washington County Consolidated Communications Agency
Statement of Net Assets
June 30, 2008

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 6,377,861
Receivables, net:	
9-1-1 taxes receivable	713,683
Accounts and Deposit receivable	111,276
Inventory	370,000
Capital assets not being depreciated:	
Construction in progress	7,626,050
Capital assets net of accumulated depreciation:	
Leasehold improvements	190,610
Vehicles	77,367
Furniture, fixtures, and equipment	1,203,160
Total assets	16,670,007
LIABILITIES	
Accounts payable	167,064
Accrued salaries and benefits payable	306,819
Accrued compensated absences	357,829
Total liabilities	831,712
NET ASSETS	
Invested in capital assets	9,097,187
Restricted for:	
Facility improvements and equipment	1,345,594
Unrestricted	5,395,514
Total net assets	\$ 15,838,295

The notes to the financial statements are an integral part of this statement.

Washington County Consolidated Communications Agency
Statement of Activities
For the Year Ended June 30, 2008

	Governmental Activities
Expenses:	
Public safety - dispatch service	\$ 9,332,793
Total program expenses	9,332,793
Program revenues:	
Charges for services	6,365,948
Operating grants and contributions	370,000
Capital grants and contributions	269,545
Total program revenues	7,005,493
Net program expenses	(2,327,300)
General revenues:	
9-1-1 taxes	3,231,942
Investment earnings	271,251
Miscellaneous	175,823
Total general revenues	3,679,016
Change in net assets	1,351,716
Net assets, July 1, 2007, as restated	14,486,579
Net assets, June 30, 2008	\$ 15,838,295

The notes to the financial statements are an integral part of this statement.

Washington County Consolidated Communications Agency
Balance Sheet
Governmental Funds
June 30, 2008

	<u>General Fund</u>	<u>System Upgrade Capital Fund</u>	<u>Capital Equipment Replacement Fund</u>	<u>Nonmajor Facility Maintenance Fund</u>	<u>Total Govern- mental Funds</u>
ASSETS					
Cash and cash equivalents	\$3,762,344	\$1,407,999	\$ 926,966	\$ 280,552	\$ 6,377,861
Receivables:					
9-1-1 taxes receivable	713,683				713,683
Accounts receivable (net of allowance for uncollectibles)	73,932	22,500			96,432
Deposit on construction site		14,844			14,844
Total assets	<u>\$4,549,959</u>	<u>\$1,445,343</u>	<u>\$ 926,966</u>	<u>\$ 280,552</u>	<u>\$ 7,202,820</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 66,440	\$ 99,749	\$ 875		\$ 167,064
Accrued salaries and benefits payable	306,819				306,819
Deferred revenue	98,053				98,053
Total liabilities	<u>471,312</u>	<u>99,749</u>	<u>875</u>		<u>571,936</u>
Fund balances:					
Unreserved, reported in:					
General fund	4,078,647				4,078,647
Special revenue funds			926,091	280,552	1,206,643
Capital projects funds		1,345,594			1,345,594
Total fund balances	<u>4,078,647</u>	<u>1,345,594</u>	<u>926,091</u>	<u>280,552</u>	<u>6,630,884</u>
Total liabilities and fund balances	<u>\$4,549,959</u>	<u>\$1,445,343</u>	<u>\$ 926,966</u>	<u>\$ 280,552</u>	<u>\$ 7,202,820</u>

The notes to the financial statements are an integral part of this statement.

Washington County Consolidated Communications Agency
 Reconciliation of Governmental Funds
 Balance Sheet to Statement of Net Assets
 June 30, 2008

Total fund balances		\$ 6,630,884
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$11,086,236	
Accumulated depreciation	<u>(1,989,049)</u>	9,097,187
Contributed assets are not recognized as revenue in the governmental funds.		
		370,000
A portion of the accounts receivable are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		
		98,053
The amount of compensated absences liability that will not be paid from resources of the current year's operations is not reported as a fund liability of the governmental funds.		
		(357,829)
 Total net assets		 <u><u>\$ 15,838,295</u></u>

The notes to the financial statements are an integral part of this statement.

Washington County Consolidated Communications Agency
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	<u>General Fund</u>	<u>System Upgrade Capital Fund</u>	<u>Capital Equipment Replacement Fund</u>	<u>Nonmajor Facility Maintenance Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$3,177,816				\$ 3,177,816
Investment earnings	133,370	\$ 87,504	\$ 36,764	\$ 13,613	271,251
Charges for services	6,363,994				6,363,994
Intergovernmental revenue			125,000		125,000
Grants	144,545				144,545
Miscellaneous	149,701	22,500			172,201
Total revenues	<u>9,969,426</u>	<u>110,004</u>	<u>161,764</u>	<u>13,613</u>	<u>10,254,807</u>
EXPENDITURES					
Personal services	7,402,173				7,402,173
Materials and services	1,289,796	53,083		116,952	1,459,831
Capital outlay	218,547	1,198,432	86,516		1,503,495
Total expenditures	<u>8,910,516</u>	<u>1,251,515</u>	<u>86,516</u>	<u>116,952</u>	<u>10,365,499</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,058,910</u>	<u>(1,141,511)</u>	<u>75,248</u>	<u>(103,339)</u>	<u>(110,692)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in		250,000	200,000	90,000	540,000
Transfers out	<u>(540,000)</u>				<u>(540,000)</u>
Total other financing financing sources (uses)	<u>(540,000)</u>	<u>250,000</u>	<u>200,000</u>	<u>90,000</u>	<u>-</u>
Net change in fund balances	<u>518,910</u>	<u>(891,511)</u>	<u>275,248</u>	<u>(13,339)</u>	<u>(110,692)</u>
Fund balances - July 1, 2007	<u>3,559,737</u>	<u>2,237,105</u>	<u>650,843</u>	<u>293,891</u>	<u>6,741,576</u>
Fund balances - June 30, 2008	<u>\$4,078,647</u>	<u>\$1,345,594</u>	<u>\$ 926,091</u>	<u>\$ 280,552</u>	<u>\$ 6,630,884</u>

The notes to the financial statements are an integral part of this statement.

Washington County Consolidated Communications Agency
Reconciliation of Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2008

Amounts reported for governmental activities in the Statement of Activities (page 25) are different because:

Net change in fund balances - total governmental funds (page 28).	\$ (110,692)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which additions to capital assets (\$1,465,827) exceed depreciation expense (\$443,457).	1,022,370
Contributed assets are not recognized as revenue in governmental funds.	370,000
9-1-1 taxes that do not meet the measurable and available criteria to pay for current period expenditures are deferred revenue in the governmental funds.	54,126
Accounts receivable that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds.	5,576
Compensated absences are recognized as an expenditure in the governmental funds when they are determined to be payable from current financial resources. In the Statement of Activities, compensated absences are recognized as an expenditure when earned by the employee. The year end balance of compensated absences declined in the current fiscal year.	<u>10,336</u>
Change in net assets	<u><u>\$ 1,351,716</u></u>

The notes to the financial statements are an integral part of this statement.

Washington County Consolidated Communications Agency
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,400,000	\$ 2,400,000	\$ 3,177,816	\$ 777,816
Investment earnings	50,000	50,000	133,370	83,370
Charges for services	6,395,055	6,395,055	6,363,994	(31,061)
Grants	5,773	150,318	144,545	(5,773)
Miscellaneous	30,000	30,000	149,701	119,701
Total revenues	<u>8,880,828</u>	<u>9,025,373</u>	<u>9,969,426</u>	<u>944,053</u>
EXPENDITURES				
Personal services	8,154,528	8,064,528	7,402,173	662,355
Materials and services	1,247,025	1,337,025	1,289,796	47,229
Capital outlay	141,200	285,745	218,547	67,198
Operating contingency	1,290,000	1,290,000	-	1,290,000
Total expenditures	<u>10,832,753</u>	<u>10,977,298</u>	<u>8,910,516</u>	<u>2,066,782</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,951,925)</u>	<u>(1,951,925)</u>	<u>1,058,910</u>	<u>3,010,835</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(540,000)	(540,000)	(540,000)	-
Total other financing sources (uses)	<u>(540,000)</u>	<u>(540,000)</u>	<u>(540,000)</u>	<u>-</u>
Net change in fund balances	<u>(2,491,925)</u>	<u>(2,491,925)</u>	<u>518,910</u>	<u>3,010,835</u>
Fund balances - July 1, 2007	<u>2,968,120</u>	<u>2,968,120</u>	<u>3,559,737</u>	<u>591,617</u>
Fund balances - June 30, 2008	<u>\$ 476,195</u>	<u>\$ 476,195</u>	<u>\$ 4,078,647</u>	<u>\$ 3,602,452</u>

The notes to the financial statements are an integral part of this statement.

Washington County Consolidated Communications Agency
Capital Equipment Replacement Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Investment earnings	\$ 20,000	\$ 20,000	\$ 36,764	\$ 16,764
Intergovernmental revenue		125,000	125,000	-
Total revenues	<u>20,000</u>	<u>145,000</u>	<u>161,764</u>	<u>16,764</u>
EXPENDITURES				
Capital outlay	<u>50,000</u>	<u>175,000</u>	<u>86,516</u>	<u>88,484</u>
Total expenditures	<u>50,000</u>	<u>175,000</u>	<u>86,516</u>	<u>88,484</u>
Excess (deficiency) of revenues over (under) expenditures	(30,000)	(30,000)	75,248	105,248
OTHER FINANCING SOURCE				
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balances	170,000	170,000	275,248	105,248
Fund balances - July 1, 2007	<u>570,000</u>	<u>570,000</u>	<u>650,843</u>	<u>80,843</u>
Fund balances - June 30, 2008	<u>\$ 740,000</u>	<u>\$ 740,000</u>	<u>\$ 926,091</u>	<u>\$ 186,091</u>

The notes to the financial statements are an integral part of this statement.

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

I. Summary of significant accounting policies

A. Reporting entity

Washington County Consolidated Communications Agency (Agency) was formed in 1985, under the authority of Oregon Revised Statutes (ORS) Chapter 190 by the execution of an intergovernmental agreement between Washington County, the cities of Beaverton, Hillsboro, Cornelius, and North Plains, Washington County Rural Fire Protection District No. 2 and Tualatin Valley Fire and Rescue. The Agency has subsequently entered into intergovernmental agreements with the cities of Durham, King City, Sherwood, Tigard, Gaston, Tualatin, Forest Grove, and Banks.

The Agency is a municipal corporation that is recognized by the participating governments as the "9-1-1 Jurisdiction" defined in ORS 401.710 to 401.790 for purposes of operating as the public safety answering point of the emergency 9-1-1 telephone system. The Agreement obligates the participating governments to promptly remit emergency 9-1-1 telephone system excise tax revenues received from the State of Oregon to the Agency. The Agency provides consolidated public safety communications for the participating governments and for other governments under contract.

The Agreement also obligates the participating governments to fund any capital and operating expenditures in excess of emergency telephone system excise tax proceeds, contract revenues, and other revenues. The Agency may be terminated by mutual agreement of the parties. Any participant may terminate its participation upon notification to all other participants at least one year prior to the fiscal year end. A termination is effective as of the end of the fiscal year. Upon dissolution or termination of the Agency, the assets which the Agency has purchased or taken legal title to are to be distributed or sold and the proceeds distributed to the participating governments in proportion to their financial support averaged over the preceding three years. The equipment on loan from participants is to be returned.

The Agency is the primary, special purpose government responsible for emergency communications within its boundaries. The Agency is not considered a component unit of any of the participating governments. All significant activities and funds of the Agency have been included in the basic financial statements. The Agency's financial statements represent those of a stand-alone government with no component units. The power and authority given to the Agency by the participating governments are vested in a Board of Commissioners made up of appointed officials from the participating governments. The Commission has authority to select a Director who is responsible for conducting the affairs of the Agency under the guidance of a Chief Executive Officers Board, which is a subset of the Board of Commissioners.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the Agency. All activities are *governmental activities* which are financed primarily through 9-1-1 taxes and charges for services to other governments. There are no internal activities and therefore no eliminations are necessary to present the government-wide financial statements.

The statement of activities presents the degree to which direct expenses of the Agency's public safety program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with the public safety function on the Agency. *Program revenues* include: (1) charges to other governments for emergency communications and services provided; (2) operating grants and contributions and (3) capital grants and contributions. 9-1-1 taxes, investment earnings and other items not properly included as program revenues are reported instead as *general revenues*.

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

I. Summary of significant accounting policies, continued

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. 9-1-1 taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue as soon as all eligibility requirements have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within two months of the end of the current fiscal period. Significant revenues that are measurable and available under the modified accrual basis of accounting are user participation fees, 9-1-1 tax revenues, intergovernmental revenue, and interest, and have therefore been recognized in the current fiscal period. Under the *modified accrual basis of accounting*, expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

Major individual governmental funds are reported as separate columns in the fund financial statements.

The Agency reports the following major governmental funds:

- The *General Fund* is the Agency's primary operating fund. It accounts for all financial resources of the Agency, except those required to be accounted for in another fund, either legally or by Board direction.
- The *System Upgrade Capital Fund*, a capital projects fund type, accounts for the accumulation of resources for construction costs to expand existing facilities.
- The *Capital Equipment Replacement Fund*, a special revenue fund type, accounts for the accumulation of resources to replace significant capital equipment. Its current multi-year project is to implement the replacement of the computer aided dispatch server and software.

Additionally, the Agency reports the following nonmajor governmental fund:

- The *Facilities Maintenance Fund*, a special revenue fund type, accounts for resources that are restricted by Board policy for expenditures to maintain the 9-1-1 center's building.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The Agency's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term highly liquid investments with original maturities of three months or less from the date of acquisition. Investments maintained in the Oregon State Treasurer's Local Government Investment Pool are classified as a cash equivalent and are carried at cost, which approximates fair value. The Agency has no investments other than with the Oregon State Treasurer's Local Government Investment Pool.

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

I. Summary of significant accounting policies, continued

D. Assets, liabilities, and net assets or equity, continued

2. Receivables

Receivables for dispatch and maintenance services are shown net of any allowance for uncollectible accounts. Management has determined that the emergency telephone system excise taxes (9-1-1) are fully collectible and therefore no allowance is deemed necessary.

3. Inventory

Inventory is comprised of several types of radios donated by Nextel during the fiscal year for resale to the Agency's customers. The radios are valued at the market price at the time of donation.

4. Capital assets

Capital assets are stated at cost. Donated assets are recorded at their estimated fair market value at the date of donation. The Agency defines capital assets as assets with an initial cost of more than \$5,000. Replacements which improve or extend the lives of property are capitalized. Maintenance, repairs and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Leasehold improvements	15 years
Furniture and fixtures	7 years
Computer aided dispatch equipment	10 years
Communications equipment	7 years
Computer equipment	5 years
Vehicles	5 years

5. Compensated absences

It is the Agency's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Agency does not have a policy to pay any amounts when employees separate from service. Earned but unused vacation is accrued as a payable when incurred in the government-wide financial statements. There is no amount, however, reported in the governmental fund financials, as accrued vacation is payable only when it has matured.

E. Participation fees

The Agency charges the participating governments of the Intergovernmental Agreement an amount sufficient to cover budgeted expenditures less anticipated revenues from other sources.

II. Stewardship, compliance, and accountability

A. Budgetary information

The Agency budgets all funds on the modified accrual basis of accounting. As an organization formed by intergovernmental agreement pursuant to Oregon Revised Statutes (ORS) Chapter 190, the Agency does not levy property taxes and is exempt from State of Oregon Local Budget Law. The Agency, however, chose to follow the local budget law process as outlined in ORS Chapter 294.

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

II. Stewardship, compliance, and accountability, continued

A. Budgetary information, continued

The Board of Commissioners adopts the original budget by resolution prior to the beginning of the Agency's fiscal year (July 1 through June 30), authorizing appropriation levels for each fund. Total personal services, materials and services, capital outlay, and other expenditures for each fund are the levels of control established by the resolution. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. For instances of unexpected resources from grant funds or other governments, for which the revenues are dedicated to a specific purpose, an appropriation resolution of the Board may increase the budget. The Agency adopted three such appropriation resolutions for the year ended June 30, 2008.

Budgets may be modified by resolution of the Board of Commissioners transferring appropriation between categories. Appropriations lapse at fiscal year end.

III. Detailed notes on all funds

A. Cash, cash equivalents, and investments

The Agency maintains separate accountability by fund for cash, cash equivalents, and investment accounts. The types of investments in which the Agency may invest are restricted by State of Oregon statutes and a Board adopted investment policy.

Cash, cash equivalents, and investments at June 30, 2008, were comprised of the following:

Petty Cash	\$ 200
Deposits with financial institutions	172,142
Oregon State Treasurer's Local Government Investment Pool	6,205,519
Total pooled cash and investments	<u>\$ 6,377,861</u>

1. Deposits with financial institutions

Deposits with financial institutions are bank demand deposits. The total carrying amount of deposits at June 30, 2008, was \$172,142. The total bank balance per the bank statement was \$444,334. Of these deposits, \$100,000 was covered by federal depository insurance and the remaining \$344,334 was collateralized by securities held by financial institutions acting as the agents for the Agency in the Agency's name. There were no known violations of legal or contractual provisions for deposits.

Oregon Revised Statutes require the depository institution to maintain on deposit with a collateral pool manager, securities having a value not less than 25% of the outstanding certificates of participation issued by the pool manager.

2. Interest rate risk

As a means to limit exposure, the Agency's investment policy designates maturity limitations dependent upon whether the funds being invested are considered short-term operating funds or long-term funds. All operating funds are to have maturities not to exceed 18 months.

The Agency did not have any investments other than with the Oregon State Treasurer's Local Government Investment Pool as of June 30, 2008.

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

III. Detailed notes on all funds, continued

A. Cash, cash equivalents, and investments, continued

3. Credit Risk

The Oregon State Treasurer's Local Government Investment Pool (LGIP) is subject to regulatory oversight by the Oregon Secretary of State and is not required to be categorized by risk. The LGIP is not rated. Cost of pool shares approximates the Agency's fair value position in the LGIP. The Agency's investment in the LGIP made up 100% of the portfolio at June 30, 2008.

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or had control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

Other permissible investments include general obligations of the United States Government and its agencies, obligations of the State of Oregon and local government securities that have a rating of A or better by Moody's Investor Service, Oregon and local commercial paper rated A-2 and P-2 or better, corporate commercial paper that are rated A-1 or P-1 or better, guaranteed banker's acceptances, certificates of deposits, and repurchase agreements. The Agency had none of these investments as of June 30, 2008.

4. Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the Agency will not be able to recover the value of its investments that are in the possession of an outside party. State statutes govern the Agency's investment policies. At June 30, 2008, the Agency did not have any investments exposed to custodial credit risk.

B. Capital assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance June 30, 2007 Restated	Increases	Decreases	Balance June 30, 2008
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 6,397,295	\$ 1,255,686	\$ (26,931)	\$ 7,626,050
Total capital assets, not being depreciated	<u>6,397,295</u>	<u>1,255,686</u>	<u>(26,931)</u>	<u>7,626,050</u>
Capital assets, being depreciated:				
Leasehold improvements	240,720	10,600	-	251,320
Vehicles	160,383	22,309	(12,300)	170,392
Furniture, fixtures and equipment	2,834,311	204,163		3,038,474
Total capital assets, being depreciated	<u>3,235,414</u>	<u>237,072</u>	<u>(12,300)</u>	<u>3,460,186</u>

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

III. Detailed notes on all funds, continued

B. Capital assets, continued

	Balance June 30, 2007 Restated	Increases	Decreases	Balance June 30, 2008
Less accumulated depreciation for:				
Leasehold improvements	(44,132)	(16,578)	-	(60,710)
Vehicles	(80,827)	(24,498)	12,300	(93,025)
Furniture, fixtures and equipment	(1,432,933)	(402,381)	-	(1,835,314)
Total accumulated depreciation	<u>(1,557,892)</u>	<u>(443,457)</u>	<u>12,300</u>	<u>(1,989,049)</u>
Total capital assets being depreciated, net	<u>1,677,522</u>	<u>(206,385)</u>	<u>-</u>	<u>1,471,137</u>
Total capital assets, net	<u>\$ 8,074,817</u>	<u>\$ 1,049,301</u>	<u>\$ (26,931)</u>	<u>\$ 9,097,187</u>

Depreciation Expense in the amount of \$443,457 was charged to the public safety function.

Capital assets do not include items provided by the participating governments that are currently being used by the Agency, but to which the Agency has not taken legal title under the terms of the Intergovernmental Agreement.

C. Interfund receivables, payables, and transfers

There were no interfund receivables and payables as of June 30, 2008. Interfund transfers for the years ended June 30, 2008 are as follows:

Transfers in:		
System Upgrade Capital Fund		\$ 250,000
Capital Equipment Replacement Fund		200,000
Nonmajor Governmental Fund:		
Facility Maintenance Fund		90,000
Total Transfers out:		
General Fund		<u>\$ 540,000</u>

Transfers are used to move unrestricted General Fund revenues to finance activities accounted for in other funds in accordance with board adopted budgetary authorizations. The Agency made transfers from the General Fund to the System Upgrade Capital Fund to fund upgrades to radio tower sites; to the Capital Equipment Replacement Fund to fund the computer aided dispatch replacement, and to the Facility Maintenance Fund to fund improvements to the 9-1-1 center.

D. Compensated absences

Compensated absences activity for the year ended June 30, 2008, was as follows:

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008
Governmental activities:				
Compensated absences	<u>\$ 368,165</u>	<u>\$ 912,778</u>	<u>\$ 923,114</u>	<u>\$ 357,829</u>

The balance is liquidated by the General Fund generally within one year, and is reported on the statement of net assets.

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

IV. Other information

A. Risk management

The Agency is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Agency, through its General Fund, purchases commercial insurance. Deductibles are generally at \$2,500 or less with the exception of natural disasters which have different deductibles. Settled claims have not exceeded commercial coverage in any of the last three fiscal years.

B. Deferred compensation plan

The Agency offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Agency employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan are held in trust by the plan administrator for the sole benefit of the participants. As such, these amounts are not reflected in the Agency's financial statements.

C. Participation in Public Employees' Retirement System

1. Plan Description

The Oregon Public Employees' Retirement System (PERS or "the System") provides statewide defined benefit and defined contribution retirement plans for units of state government, political subdivisions, community colleges and school districts. For state agencies, community colleges, school districts and political subdivisions that have joined the State and Local Government Rate Pool, PERS is a cost-sharing, multiple-employer system. The Agency has joined this pool. The system provides retirement and disability benefits, post-employment healthcare benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The System is administered under Oregon Revised Statutes (ORS) Chapter 238 and 238A. ORS 238.620 established the Public Employees' Retirement Board as the governing body of PERS which has the authority to amend contribution rates. The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature. PERS issues a publicly available financial report that includes financial and required supplemental information. That report may be obtained by writing to PERS, PO Box 23700, Tigard, Oregon 97281-3700 or by calling 1-503-598-7377.

2. Funding Policy

In 2003, the State Legislature created a new Oregon Public Service Retirement Plan (OPSRP) for employees hired on or after August 29, 2003. Employees hired prior to August 29, 2003 continue to participate in the former PERS plan. For the fiscal year ended June 30, 2008, the Agency was required to contribute at an actuarially determined rate of 12.21% for covered employees' salaries to the existing PERS plan and 14.35% to the newer OPSRP plan. With few exceptions, employees of the Agency are classified by PERS as general service employees. Pursuant to the collective bargaining agreement, the employees contribute the required employee contribution of 6% of covered salaries. Effective January 1, 2004, this 6% has been required to be made to the Individual Retirement Account Program under OPSRP for all employees eligible for PERS. Contribution rates are determined based upon actuarial valuations, which are performed periodically by PERS. The Public Employees' Retirement Board has the statutory authority to revise employer contributions as necessary to ensure that the promised benefits will be funded on a sound basis.

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

IV. Other information, continued

C. Participation in Public Employees' Retirement System, continued

3. Required Contributions

For the year ended June 30, 2008, the Agency's required and actual contribution was \$645,729 for the Agency's employer share. Employer contributions are calculated in conformance with the provisions of GASB Statement 27 as a percentage of covered payroll. Therefore, the contributions paid to PERS are equal to the annually required contribution with no net pension obligation necessary to amortize. The required contribution for the year ended June 30, 2008 was determined as part of a December 31, 2005 actuarial valuation that used the entry age actuarial cost method.

4. Three Year Trend Information for PERS and OPSRP:

The Agency's annual required contributions, the percentage of annual required contributions to the plan, and the net pension obligation for 2008 and the two preceding years were as follows:

Year Ended June 30,	Required Contributions	Percentage of Required Contributions Made	Net Pension Obligation
2008	645,729	100%	-
2007	631,097	100%	-
2006	598,293	100%	-

D. Operating leases

The Agency leases real properties and easement access under non-cancelable operating leases. The future minimum lease payments are approximately as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2009	\$ 47,000
2010	35,000
2011	27,000
2012	27,000
2013	28,000
Thereafter	28,000
Total	<u>\$ 192,000</u>

The expense for operating leases for the year ended June 30, 2008 was approximately \$49,000.

E. Related party transactions

The Agency is dependent on participating governments, which are all Oregon municipal corporations, for most of its revenues. The Agency also is involved in various transactions for goods and services provided to these participating governments. These transactions are summarized on the following page:

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

IV. Other information, continued

E. Related party transactions, continued

Participants	9-1-1 Excise Taxes	Charges for Services				Total Taxes and Charges
		Fees	Contracts	Maintenance	Total	
Washington County	\$1,318,824	\$1,451,469		\$ 15,550	\$1,467,019	\$2,785,843
City of Hillsboro	551,064	1,101,800		5,177	1,106,977	1,658,041
City of Beaverton	542,989	805,282		2,546	807,828	1,350,817
Tualatin Valley Fire and Rescue		1,185,941		10,803	1,196,744	1,196,744
City of Tigard	297,572	417,286		2,771	420,057	717,629
City of Tualatin	165,262	232,916		433	233,349	398,611
City of Forest Grove	132,118	235,407		637	236,044	368,162
City of Sherwood	103,893	140,070		189	140,259	244,152
City of Cornelius	69,345	117,310		365	117,675	187,020
Washington County Fire Dist. No. 2		54,592		130	54,722	54,722
City of King City	17,055	17,963			17,963	35,018
City of Gaston	4,087	23,336		453	23,789	27,876
City of North Plains	11,595	11,569		97	11,666	23,261
Banks Fire District No. 13		20,272		260	20,532	20,532
City of Durham	8,950	10,706			10,706	19,656
City of Banks	9,188	5,825			5,825	15,013
Subtotal related party transactions:						9,103,097
Other: non-related parties						
Clackamas County 800 Radio Group			402,006	2,095	404,101	404,101
Clean Water Services		23,644		878	24,522	24,522
Miscellaneous		22,884	25,960	17,326	66,170	66,170
Total	\$3,231,942	\$5,878,272	\$427,966	\$ 59,709	\$6,365,948	\$9,597,890

During the year ended June 30, 2008, the Agency paid Tualatin Valley Fire and Rescue, a rural fire protection district, \$13,659 for accounting services and \$9,000 for contracted medical director services.

The Agency has a lease agreement with Washington County for the central dispatch facility. The lease requires payment of one dollar per year and has been renewed through 2011.

F. Commitments and contingencies

The Agency has remaining commitments for microwave and radio site construction contracts of approximately \$1,443,600 as of June 30, 2008. During the fiscal year, the Agency paid \$150,000 in a mediated settlement for construction work and the cost of delays to a contractor.

G. Prior Period Restatement

In prior years, the Agency had improperly capitalized leasehold improvements and depreciated these assets as a program expense. The lease agreement with Washington County which owns the dispatch center facility states that all leasehold improvements are the property of the county. The following is a summary of the impacts of the prior period restatement.

	As Previously	Restatement	2007
	Stated		Restated
Leasehold improvements	\$ 1,144,321	\$ (903,601)	\$ 240,720
Accumulated depreciation, leasehold improvements	(285,092)	240,960	(44,132)
Leasehold improvements, net of depreciation	859,229	(662,641)	196,588
Depreciation program expense	805,292	(60,240)	745,052
Investment in capital assets, net of related debt	8,737,458	(662,641)	8,074,817
Net assets	15,149,220	(662,641)	14,486,579

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Supplemental Information

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Major Governmental Fund

Capital Projects Fund

System Upgrade Capital Fund – accounts for capital improvements and equipment purchases made for the radio system for the Agency.

Nonmajor Governmental Fund

Special Revenue Fund

Facility Maintenance Fund - accounts for the accumulation of resources for capital improvements and emergency repairs to the 9-1-1 center's building.

Washington County Consolidated Communications Agency
System Upgrade Capital Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment earnings	\$ 15,000	\$ 87,504	\$ 72,504
Miscellaneous		22,500	22,500
Total revenues	<u>15,000</u>	<u>110,004</u>	<u>95,004</u>
EXPENDITURES			
Materials and services	75,000	53,083	21,917
Capital outlay	2,090,000	1,198,432	891,568
Total expenditures	<u>2,165,000</u>	<u>1,251,515</u>	<u>913,485</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,150,000)</u>	<u>(1,141,511)</u>	<u>1,008,489</u>
OTHER FINANCING SOURCES			
Transfers in	250,000	250,000	-
Total other financing sources	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net change in fund balances	(1,900,000)	(891,511)	1,008,489
Fund balances - July 1, 2007	1,900,000	2,237,105	337,105
Fund balances - June 30, 2008	<u>\$ -</u>	<u>\$ 1,345,594</u>	<u>\$ 1,345,594</u>

Washington County Consolidated Communications Agency
Facility Maintenance Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment earnings	\$ 4,500	\$ 13,613	\$ 9,113
EXPENDITURES			
Materials and services	<u>130,000</u>	<u>116,952</u>	<u>13,048</u>
Excess (deficiency) of revenues over (under) expenditures	(125,500)	(103,339)	22,161
OTHER FINANCING SOURCE			
Transfers in	<u>90,000</u>	<u>90,000</u>	<u>-</u>
Net change in fund balances	(35,500)	(13,339)	22,161
Fund balances - July 1, 2007	<u>251,000</u>	<u>293,891</u>	<u>42,891</u>
Fund balances - June 30, 2008	<u>\$ 215,500</u>	<u>\$ 280,552</u>	<u>\$ 65,052</u>

Statistical Section

This part of the Agency's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the Agency's overall financial health.

Contents	Page
Financial Trends	48
These schedules contain trend information to help the reader understand how the Agency's financial performance and well-being have changed over time.	
Revenue Capacity	52
This schedule contains information to help the reader assess the Agency's most significant local revenue sources, charges for services and the 9-1-1 tax, which are paid through contracts with participating governments.	
Demographic and Economic Information	53
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Agency's financial activities take place.	
Operating Information	54
These schedules contain service and infrastructure data to help the reader understand how the information in the Agency's financial report relates to the services the Agency provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Washington County Consolidated Communications Agency
Net Assets by Component
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2004 Restated	2005 Restated	2006 Restated	2007 Restated	2008
Governmental Activities:					
Invested in capital assets	\$ 4,151,795	\$ 6,673,089	\$ 7,343,695	\$ 8,074,817	\$ 9,097,187
Restricted	2,421,174	2,393,959	3,233,634	2,237,105	1,345,594
Unrestricted	2,309,195	2,735,153	3,451,936	4,174,657	5,395,514
Total primary government net assets	<u>\$ 8,882,164</u>	<u>\$ 11,802,201</u>	<u>\$ 14,029,265</u>	<u>\$ 14,486,579</u>	<u>\$ 15,838,295</u>

Washington County Consolidated Communications Agency
Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2004 Restated	2005 Restated	2006 Restated	2007 Restated	2008
EXPENSES					
Governmental activities:					
Public safety - dispatch service	\$ 7,145,729	\$ 7,394,443	\$ 8,026,041	\$ 9,242,263	\$ 9,332,793
Total expenses	<u>7,145,729</u>	<u>7,394,443</u>	<u>8,026,041</u>	<u>9,242,263</u>	<u>9,332,793</u>
PROGRAM REVENUES					
Governmental activities:					
Charges for services	5,275,929	5,648,971	5,935,009	6,246,744	6,365,948
Operating grants and contributions	134,517	790,774	129,827	208,614	370,000
Capital grants and contributions	1,510,264	1,510,264	1,510,264	257,164	269,545
Total program revenues	<u>6,920,710</u>	<u>7,950,009</u>	<u>7,575,100</u>	<u>6,712,522</u>	<u>7,005,493</u>
NET (EXPENSE) / REVENUE	<u>(225,019)</u>	<u>555,566</u>	<u>(450,941)</u>	<u>(2,529,741)</u>	<u>(2,327,300)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS					
9-1-1 taxes	2,206,420	2,231,608	2,390,880	2,634,950	3,231,942
Investment earnings	80,683	102,825	231,176	316,355	271,251
Miscellaneous	54,894	30,038	55,949	35,750	175,823
Total general revenues and other changes in net assets	<u>2,341,997</u>	<u>2,364,471</u>	<u>2,678,005</u>	<u>2,987,055</u>	<u>3,679,016</u>
CHANGE IN NET ASSETS	<u>\$ 2,116,978</u>	<u>\$ 2,920,037</u>	<u>\$ 2,227,064</u>	<u>\$ 457,314</u>	<u>\$ 1,351,716</u>

Washington County Consolidated Communications Agency
Fund Balances, Governmental Funds
Last Five Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
GENERAL FUND					
Unreserved	\$ 1,702,637	\$ 2,293,812	\$ 2,823,838	\$ 3,559,737	\$ 4,078,647
Total general fund	<u>\$ 1,702,637</u>	<u>\$ 2,293,812</u>	<u>\$ 2,823,838</u>	<u>\$ 3,559,737</u>	<u>\$ 4,078,647</u>
ALL OTHER GOVERNMENTAL FUNDS					
Unreserved, reported in					
Special revenue funds	\$ 826,568	\$ 745,137	\$ 826,666	\$ 944,734	\$ 1,206,643
Capital projects funds	2,403,356	2,375,721	3,233,634	2,237,105	1,345,594
Total all other governmental funds	<u>\$ 3,229,924</u>	<u>\$ 3,120,858</u>	<u>\$ 4,060,300</u>	<u>\$ 3,181,839</u>	<u>\$ 2,552,237</u>

Washington County Consolidated Communications Agency
Changes in Fund Balances, Governmental Funds
Last Five Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
REVENUES					
Taxes	\$ 2,179,044	\$ 2,258,983	\$ 2,332,940	\$ 2,655,493	\$ 3,177,816
Intergovernmental	-	1,510,264	1,510,264	-	125,000
Investment earnings	80,683	102,825	231,176	316,354	271,251
Charges for services	5,328,466	5,656,359	5,926,018	6,257,914	6,363,994
Grants	134,517	790,774	129,827	208,614	144,545
Miscellaneous	54,894	30,038	55,363	36,337	172,201
Total revenues	<u>7,777,604</u>	<u>10,349,243</u>	<u>10,185,588</u>	<u>9,474,712</u>	<u>10,254,807</u>
EXPENDITURES					
Current					
Public safety	6,705,450	7,128,202	7,725,788	8,187,618	8,862,004
Capital outlay	<u>2,938,057</u>	<u>2,738,932</u>	<u>990,332</u>	<u>1,429,656</u>	<u>1,503,495</u>
Total expenditures	<u>9,643,507</u>	<u>9,867,134</u>	<u>8,716,120</u>	<u>9,617,274</u>	<u>10,365,499</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,865,903)</u>	<u>482,109</u>	<u>1,469,468</u>	<u>(142,562)</u>	<u>(110,692)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	809,562	809,562	221,176	209,866	540,000
Transfers out	<u>(809,562)</u>	<u>(809,562)</u>	<u>(221,176)</u>	<u>(209,866)</u>	<u>(540,000)</u>
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	<u><u>\$ (1,865,903)</u></u>	<u><u>\$ 482,109</u></u>	<u><u>\$ 1,469,468</u></u>	<u><u>\$ (142,562)</u></u>	<u><u>\$ (110,692)</u></u>

Washington County Consolidated Communications Agency
Principal Contract Revenue Payers
Last Ten Fiscal Years

Fiscal Year	Total	Washington County	Tualatin Valley Fire and Rescue	City of Hillsboro	Beaverton	City of Tigard	City of Forest Grove	City of Tualatin	City of Sherwood	City of Cornelius	Washington County Fire District #2	City of Banks	City of Gaston	City of King City	City of Durham	City of North Plains	Other
2008	\$ 5,878,273	\$ 1,451,469	\$ 1,185,941	\$ 1,101,800	\$ 805,282	\$ 417,286	\$ 235,407	\$ 232,916	\$ 140,070	\$ 117,310	\$ 54,592	\$ 5,826	\$ 23,336	\$ 17,963	\$ 10,706	\$ 11,569	\$ 66,800
2007	5,688,738	1,383,696	1,141,639	1,064,959	812,065	405,805	226,121	227,017	131,476	107,098	49,293	28,243	20,117	16,279	10,394	9,806	44,730
2006	5,405,302	1,317,144	1,086,514	1,005,033	738,469	387,738	220,259	214,499	121,403	104,283	47,857	27,420	19,630	15,805	10,091	9,520	79,737
2005	5,167,078	1,256,277	1,056,977	948,092	699,611	369,804	209,455	202,725	114,479	99,067	46,928	26,887	19,151	15,498	9,895	9,335	82,897
2004	4,830,254	1,174,841	943,525	895,246	659,664	348,662	195,362	190,783	100,947	92,694	45,110	25,845	18,409	14,898	9,512	8,973	105,783
2003	4,327,296	1,046,821	915,288	782,835	582,664	296,934	169,488	161,920	85,078	79,098	45,002	25,097	17,873	14,464	9,235	8,712	86,787
2002	4,066,256	1,075,614	863,767	664,466	574,426	280,674	81,434	152,779	72,453	89,407	46,121	24,367	18,518	15,840	10,405	12,127	83,858
2001	3,842,686	1,015,361	827,617	624,093	497,391	262,990	77,345	149,473	67,313	86,857	44,778	19,123	18,599	15,643	10,267	12,646	113,190
2000	3,787,702	1,003,723	828,826	602,592	535,773	266,639	77,444	146,485	59,538	87,089	47,186	18,651	17,945	16,197	10,750	12,639	56,225
1999	3,144,549	804,560	696,184	488,016	451,911	224,940	68,076	124,296	41,684	80,386	41,126	16,221	16,773	14,114	9,172	14,220	52,870

Source: The Agency's basic financial statements, current and prior.

Washington County Consolidated Communications Agency
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Per Capita Income (Washington County) ⁽²⁾	Total Personal Income (Washington County) (In thousands) ⁽³⁾	School Enrollment ⁽⁴⁾	Unemployment Rate (%) (Washington County) ⁽²⁾
2008	(A)	(A)	(A)	(A)	4.7 %
2007	511,075	\$ 35,100	\$ 17,938,733	81,706	4.4
2006	500,585	33,347	16,693,008	79,016	4.5
2005	489,785	33,000	16,162,905	52,034	5.8
2004	480,200	32,000	15,366,400	50,822	6.5
2003	472,600	32,000	15,123,200	50,906	7.0
2002	463,050	32,000	14,817,600	47,985	5.9
2001	455,800	33,000	15,041,400	48,040	3.1
2000	445,342	31,000	13,805,602	45,776	3.3
1999	431,300	30,621	13,206,837	45,320	4.0

Note: Information regarding the median age and education level of the Agency's population is not available.

(A) Information is not available at the time of this report.

Sources: Estimated from information provided by:

- (1) Portland State University, Population Research Center
- (2) State of Oregon Employment Division, Research Department.
- (3) Washington County Department of Assessment and Taxation.
- (4) Washington County School District No.s 48J, 511J, 1J, 23J, 88J, 13 & 15.

Washington County Consolidated Communications Agency
Full-time Equivalent Agency Employees by Function
Last Ten Fiscal Years

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Dispatchers	50.0	48.0	45.0	54.5	53.0	54.0	62.5	59.0	58.5	66.5
Operations Supervisors	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Computer/Resource Support	2.0	2.0	2.0	2.0	1.0	1.0	2.0	2.0	2.0	3.0
Technical Support	4.0	4.0	4.0	5.0	5.0	6.0	6.0	6.0	6.5	7.0
Administration and other	4.8	5.8	6.0	7.4	7.9	7.0	7.0	7.4	7.4	7.4
Total	64.8	64.8	62.0	73.9	71.9	73.0	82.5	79.4	79.4	88.9

Washington County Consolidated Communications Agency
Operating Indicators by Function
Last Ten Fiscal Years

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety - dispatch service:										
9-1-1 Calls	182,637	181,229	186,947	177,267	189,510	175,493	181,643	170,177	148,210	148,705
7 Digit In Calls	340,692	271,216	250,756	240,762	246,110	248,020	252,337	246,991	213,815	208,478

Washington County Consolidated Communications Agency
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety:										
Equipment:										
Communications Network	2	2	2	2	2	2	2	2	2	2
Radio Towers	6	6	6	6	6	6	6	6	6	6
Radios, mobile and portable					3,953	5,713	6,110	6,430	6,866	7,310

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Audit Comments and Disclosures
Required by State Regulations Section

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**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATION**

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth in the following pages.



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**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS**

October 16, 2008

Board of Directors
Washington County Consolidated Communications Agency
Beaverton, Oregon

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Washington County Consolidated Communications Agency (the Agency), as of and for the year ended June 30, 2008, which collectively comprise the Agency's basic financial statements, and have issued our report thereon October 16, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS**

INTERNAL CONTROL OVER FINANCIAL REPORTING (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We consider the following to be material weaknesses:

- Capital assets and depreciation were overstated by amounts related to certain leasehold improvements both in the current, and in previous years. The terms of the lease with Washington County state that improvements made by the Agency become the property of the lessor.
- Due to inadequate segregation of duties, certain internal controls and review procedures were not functional at times during the year. Consequently, internal controls may not have detected errors or fraud in a timely manner.

ACCOUNTING RECORDS

We found the Agency's accounting records to be adequate for audit purposes.

ADEQUACY OF COLLATERAL SECURING DEPOSITORY BALANCES

Oregon Revised Statutes Chapter 295 requires that each depository throughout the period of its possession of public fund deposits shall maintain on deposit with its custodians, at its own expense, securities having a value not less than 25% of the certificates of participation issued by the pool manager for funds in excess of those insured by the Federal Deposit Insurance Corporation. Our review of adequacy of collateral securing depository balances indicated that collateral was sufficient during the year ended June 30, 2008.

INVESTMENTS

Our review of deposit and investment balances indicated that, during the year ended June 30, 2008, the Agency was in compliance with ORS 294 as it pertains to investment of public funds.

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS**

INSURANCE POLICIES AND FIDELITY BONDS

We have reviewed the Agency's insurance and fidelity bond coverage at June 30, 2008. We ascertained that such policies appeared to be in force and in compliance with legal requirements relating to insurance and fidelity bond coverage. We are not competent by training to comment on the adequacy of the insurance policies covering Agency-owned property at June 30, 2008.

PUBLIC CONTRACTS

The Agency's procedures for awarding public contracts were reviewed and found to be in accordance with ORS Chapter 279.

OTHER

The following audit comments and disclosures do not apply to the Agency:

- Local budget law
- Programs funded from outside sources
- Financial reporting requirements
- Highway funds
- Legal requirements relating to debt

This report is intended solely for the information of the Board of Directors, management, the Oregon Secretary of State Audits Division and is not intended to be and should not be used by anyone other than these specified parties.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By 

Robert G. Moody, Jr., Partner

