



**Washington County Consolidated
Communications Agency**

Comprehensive Annual Financial Report

For the fiscal year ended
June 30, 2010

**Washington County, Oregon
Agency office located in the city of Beaverton, Oregon**



Washington County Consolidated Communications Agency

Comprehensive Annual Financial Report

For the fiscal year ended
June 30, 2010

Prepared by:
Margaret Echeveste, Chief Financial Officer

Washington County Consolidated Communications Agency
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Paul LeSage, Director

Introductory Section

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Washington County Consolidated Communications Agency

September 21, 2010

**Mayor Dennis Doyle, Chair 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, 2010. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. 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 are free of any material misstatements. 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 on Washington County Consolidated Communications Agency's financial statements for the fiscal year ended June 30, 2010. 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 a strategic planning process, the following goals have also been developed for 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, with a 2009 population estimate of 527,000. (An updated 2010 population number is not available as of the date of this report.) 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 Intel, Nike, Mentor Graphics, In Focus, and Tektronix. Top metropolitan area employers include Intel, Nike, Providence St. Vincent Hospital, Target Stores, Shari's Restaurants, Tektronix, Home Depot, Kaiser Permanente, Rite Aid Corporation, Xerox Office Business Group, TriQuint Semiconductor and Tuality Healthcare, exclusive of large government employers. Principal taxpayers within Washington County include Intel, Verizon Northwest Inc, Nike, Pacific Realty Associates, Maxim, Sprint Nextel Corporation and ERP Operating LP. Intel has continued to invest in multi-million dollar facility expansions and remodels 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 the 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 grown increasingly unpredictable. During the 2007 legislative session, the Oregon Legislature extended the 9-1-1 excise tax to December 31, 2014. With the 2009 legislative session, interest earnings on these funds are no longer credited to the recipient governments, but to the State.

The strength of the Agency resides in its committed partnership base of all participating jurisdictions. Member agencies are municipalities and fire districts that are supported by property taxes and a number of other sources of revenue. The Agency annually updates its financial plan and five year forecast in response to the financial stresses the partners are experiencing in these recessionary economic times.

Major Initiatives

The Agency recognizes the men and women who staff the dispatch center as the critical core of the services provided to all partner agencies and citizens. With the addition of Performance Management staff, changes have been implemented, and will continue, to increase training opportunities, effect organizational cultural changes and offer involvement in quality improvement processes by all personnel. The focus of much training has been towards the development of a comprehensive Quality Improvement model, monitoring performance data for improved training and increasing performance capacity. A new training lab was equipped to provide opportunities for individualized training, as well as regularly

scheduled mandatory training on a quarterly basis. Performance Management's efforts are focused on transforming the Agency into a high reliability organization.

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.

WCCCA staff continues involvement in the Governor's initiative towards a statewide radio system providing interoperability for public safety providers.

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, 2009. This is the twelfth 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.


Acknowledgments

We express our gratitude to the partners who own WCCCA for their commitment to this Agency and each other. This Agency will continue to strive to achieve their high professional standards. It is with deep appreciation that we acknowledge their commitment to provide the necessary resources to maintain and further achieve high quality performance by this Agency particularly during these troubled economic times.

We also want to acknowledge the administrative staff at WCCCA for their diligent work throughout the year in providing the support system this Agency needs to ensure timely, reliable and consistent financial accounting and reporting which allows us to maintain the financial health of this Agency. Their dedication to the employees and Board members in the regular conduct of their duties is noted and greatly appreciated.

Together, with the discipline and stamina of a high performing team of dispatch employees, this Agency can continue to provide vital public safety services to the citizens of Washington County.

Respectfully submitted,



Paul LeSage, Director

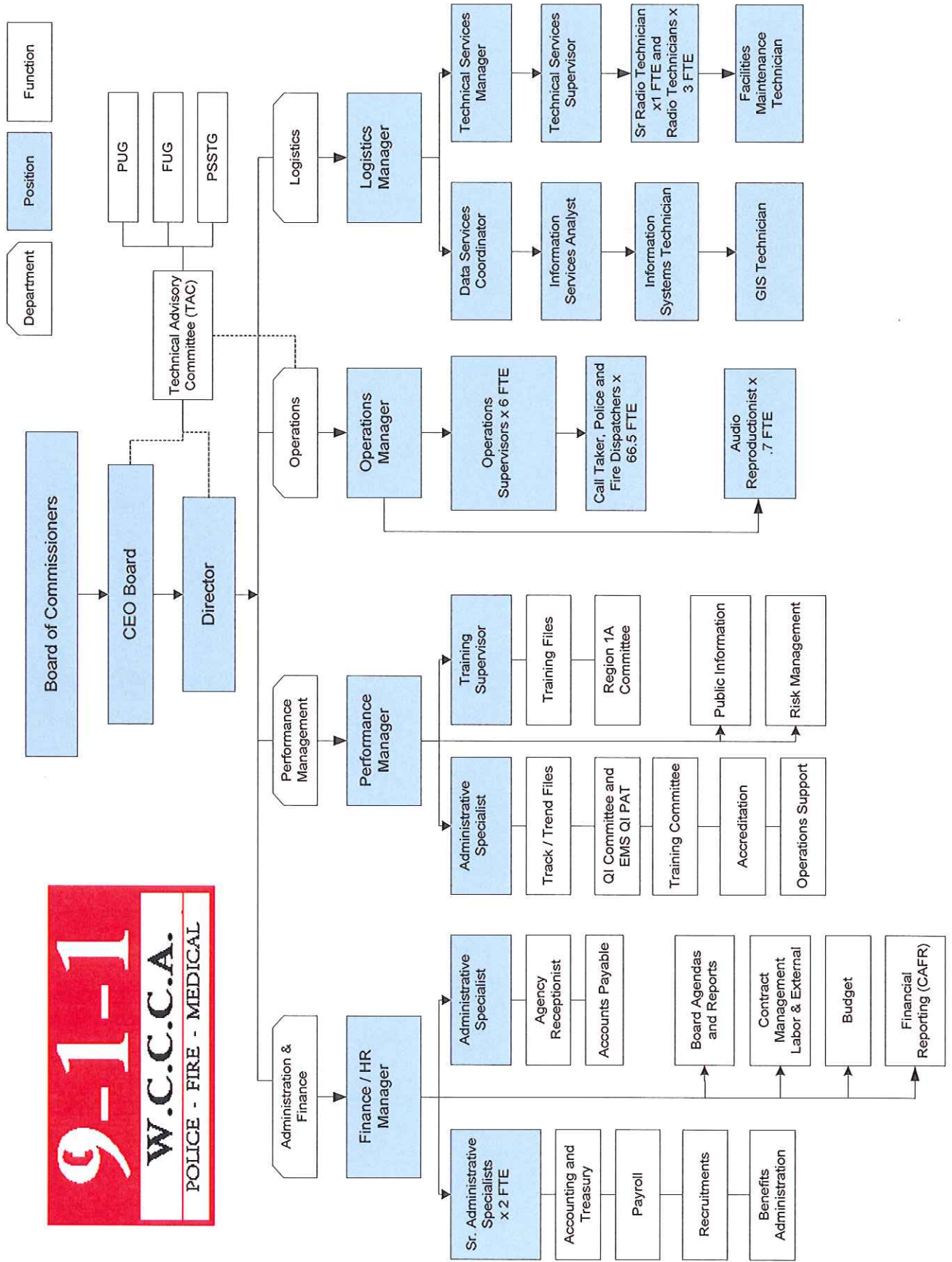


Margaret Echeveste, Chief Financial Officer

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Certificate of Achievement for Excellence in Financial Reporting

The Agency filed for a Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year Ended June 30, 2009. As of the date of printing of this report, the outcome of that application is unknown.



Washington County Consolidated Communications Agency
Board of Commissioners
June 30, 2010

Board of Commissioners

<i>City of Beaverton</i>	Mayor Dennis Doyle, <i>Chair</i>
<i>City of Hillsboro</i>	Sarah Jo Chaplen, City Manager, <i>Vice Chair</i>
<i>Washington County</i>	Rob Massar, Assistant County Administrator
<i>Tualatin Valley Fire & Rescue</i>	Bob Wyffels, Board of Directors
<i>City of Cornelius</i>	Police Chief Paul Rubenstein
<i>City of Tualatin</i>	Jay Harris, City Councilor
<i>City of Tigard</i>	Police Chief Alan Orr
<i>City of Sherwood</i>	Police Chief Jeff Groth
<i>City of Banks</i>	Mayor John Kinsky
<i>City of Forest Grove</i>	Tom Johnston, City Councilor
<i>City of Gaston</i>	Mayor Rick Lorenz
<i>City of King City</i>	Police Chief Chuck Fessler
<i>City of North Plains</i>	Councilor Robert Kindel, Jr.
<i>City of Durham</i>	Councilor Chuck Van Meter
<i>Washington County Fire District #2</i>	Chief Dennis England
<i>Cornelius Rural Fire District</i>	Chief Chris Asanovic
<i>Gaston Rural Fire District</i>	Phil Anderson, Board of Directors
<i>Forest Grove Rural Fire District</i>	Chief Michael Kinkade
<i>Banks Fire Protection District #13</i>	Chief Brian Coussens

Chief Executive Officers Board

<i>City of Beaverton</i>	Mayor Dennis Doyle, <i>Board Chair</i>
<i>City of Cornelius</i>	Police Chief Paul Rubenstein, <i>Vice Chair</i>
<i>City of Hillsboro</i>	Sarah Jo Chaplen, City Manager
<i>Tualatin Valley Fire & Rescue</i>	Chief Mike Duyck
<i>Washington County</i>	Rob Massar, Assistant County Administrator

Washington County Consolidated Communications Agency
Budget Committee
June 30, 2010

Board of Commissioners

<u>Participating Agency</u>	<u>Board Representative</u>
<i>City of Beaverton</i>	Mayor Dennis Doyle, <i>Chair</i>
<i>City of Hillsboro</i>	Sarah Jo Chaplen, City Manager, <i>Vice Chair</i>
<i>Washington County</i>	Rob Massar, Assistant County Administrator
<i>Tualatin Valley Fire & Rescue</i>	Bob Wyffels, Board of Directors
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<i>Banks Fire Protection District #13</i>	Chief Brian Coussens

Citizen Representatives

<u>Representative</u>	<u>Appointed by:</u>	<u>Terms</u>
Patrick Duffy	<i>City of Beaverton</i>	12/2007 - 12/2010
Bob Rohlf	<i>City of Tigard</i>	1/2007 - 12/2010
Michael Mudrow	<i>Tualatin Valley Fire & Rescue</i>	1/2010 - 12/2012
Cleo Howell	<i>City of Forest Grove</i>	1/2010 - 12/2012
Monte Akers	<i>City of Hillsboro</i>	1/2010 - 12/2012
Bob Boryska	<i>City of Tualatin</i>	2/2010 - 12/2012
Mike Pedemonte	<i>Gaston Rural Fire</i>	3/2010 - 12/2012

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Financial Section



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INDEPENDENT AUDITOR'S REPORT

September 21, 2010

Board of Directors
Washington County Consolidated Communication 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 Communication Agency (the Agency), as of and for the year ended June 30, 2010, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. 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.

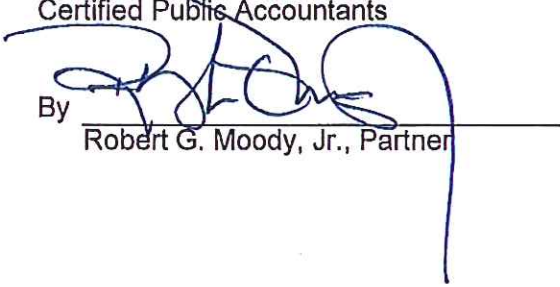
In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Agency, as of June 30, 2010, and the respective changes in financial position and the respective budgetary comparisons for the General and Capital Equipment Replacement Funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis as listed in the Table of Contents 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Supplementary Information as listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Supplementary 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.

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, 2010

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, 2010. 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 - 6 of this report.

Financial Highlights

- In the government-wide financial statements, the assets of the Agency exceeded its liabilities at June 30, 2010, by \$14,963,913 (*net assets*). Of this amount, \$10,238,081 represents the Agency's investment in capital assets and \$4,725,832 (*unrestricted net assets*) may be used to meet the Agency's ongoing obligations to participating governments and creditors.
- The Agency's total net assets decreased by \$2,071,582. The decrease is primarily due to the increased depreciation expense on the expanded radio tower system and the Computer Aided Dispatch system that went operational late last fiscal year. Depreciation expense increased from \$554,030 in the prior year to \$2,039,067 in the current year, an increase of \$1,485,037.
- As of the close of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of \$4,316,764, a decrease of \$465,699 in comparison to the prior year. Approximately 68 percent of this total amount, \$2,938,036, 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 \$2,938,036 or 30 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 fiscal year 2007-08 and continued 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 basic 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*.

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

Washington County Consolidated Communications Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2010

are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, uncollected receivables 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 charges for services to other governments and 9-1-1 telephone excise taxes.

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.

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 32 - 41 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.

Washington County Consolidated Communications Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2010

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 \$14,963,913 at June 30, 2010. The largest portion of the Agency's net assets (68 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. The Agency, however, has no debt.

Net Assets	Governmental Activities		Increase (Decrease) from 2009
	2010	2009 Restated	
Current and other assets	\$ 7,950,475	\$7,414,808	\$ 535,667
Capital assets	10,238,081	11,525,647	(1,287,566)
Total assets	<u>18,188,556</u>	<u>18,940,455</u>	<u>(751,899)</u>
Current Liabilities	<u>3,224,643</u>	<u>2,547,718</u>	<u>676,925</u>
Net assets:			
Invested in capital assets, net of related debt	10,238,081	11,525,647	(1,287,566)
Unrestricted	4,725,832	5,509,848	(784,016)
Total net assets	<u>\$ 14,963,913</u>	<u>\$ 17,035,495</u>	<u>\$ (2,071,582)</u>

The remaining balance of unrestricted net assets (\$4,725,832) may be used to meet the Agency's ongoing obligations to citizens and creditors.

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

Current and other assets consist mainly of cash and cash equivalents, and 9-1-1 taxes and accounts 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, accrued compensated absences and unearned revenue. The Agency's largest liability (58 percent) is for unearned revenue, which is the amount of the Agency's first quarter billing to participating governments for the ensuing fiscal year (\$1,880,067). In accordance with its underlying intergovernmental agreement, quarterly payments to the Agency are due and payable by the participating governments in advance of the quarter year to which they apply.

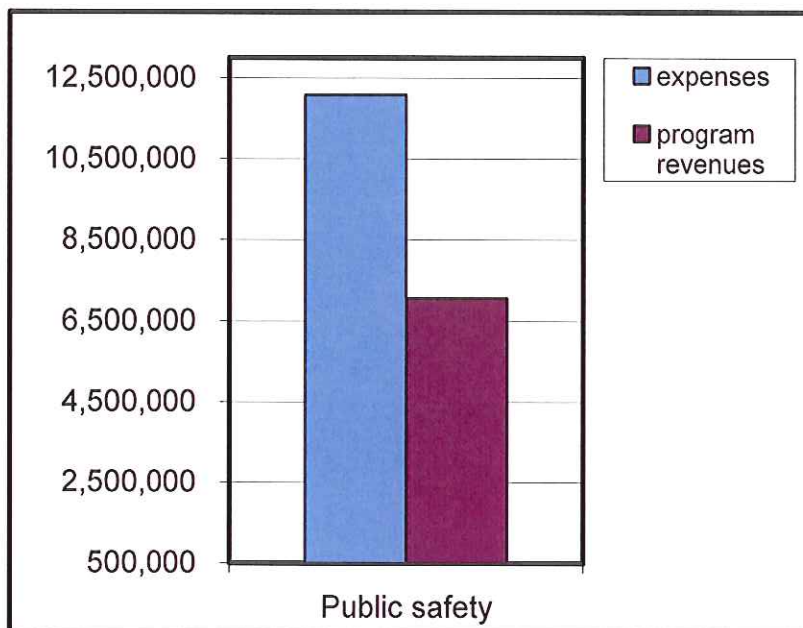
Washington County Consolidated Communications Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2010

Governmental activities. Governmental program activities, which represent all of the Agency's activities, decreased net assets by \$5,024,420. Key elements of the decrease in net assets for the Agency are as follows:

Changes in Net Assets	Governmental Activities		Increase (Decrease) from 2009
	2010	2009 Restated	
Revenues:			
Program revenues:			
Charges for services	\$ 6,911,150	\$ 6,496,225	\$ 414,925
Operating grants and contributions	24,077	-	24,077
Capital grants and contributions	125,000	1,358,021	(1,233,021)
General revenues:			
9-1-1 taxes	2,646,044	2,674,527	(28,483)
Earnings on investments	31,557	111,906	(80,348)
Other	275,237	80,943	194,294
Total revenues	<u>10,013,065</u>	<u>10,721,622</u>	<u>(708,557)</u>
Expenses:			
Public safety	<u>12,084,647</u>	<u>10,217,053</u>	<u>1,867,594</u>
Increase (decrease) in net assets	(2,071,582)	504,569	(2,576,150)
Net assets - July 1	17,035,495	16,530,926	504,569
Net assets - June 30	<u>\$ 14,963,913</u>	<u>\$ 17,035,495</u>	<u>\$ (2,071,582)</u>

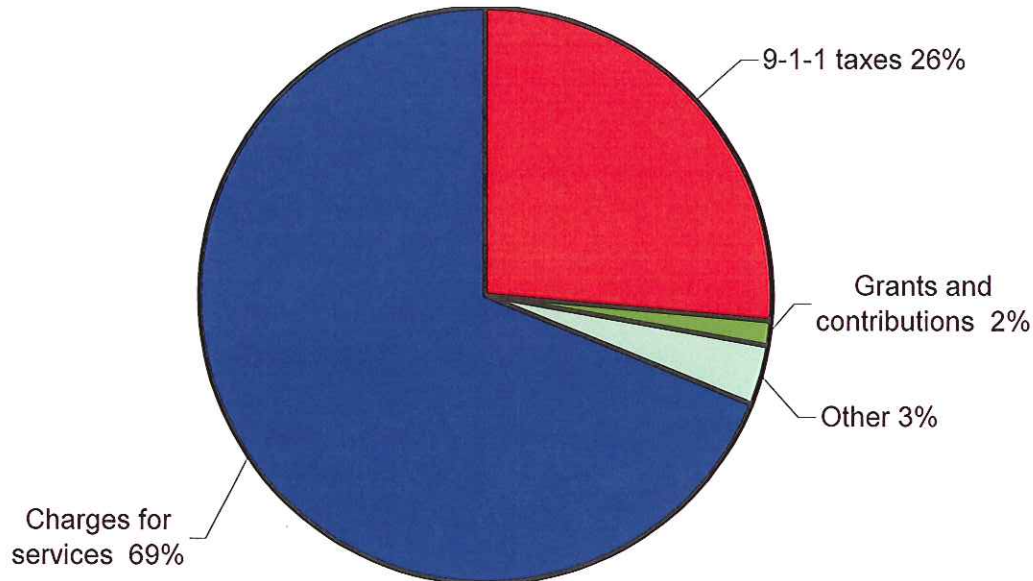
Expenses and Program Revenues – Governmental Activities

For the year ended June 30, 2010



Washington County Consolidated Communications Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2010

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 the Agency's net resources available for spending at the end of the fiscal year.

At June 30, 2010, the Agency's governmental funds reported combined ending fund balances of \$4,316,764, a decrease of \$465,699 in comparison with the prior year. The total amount (100 percent) constitutes *unreserved, undesignated fund balance*, which is available for spending at the Agency'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 30 percent of total General Fund expenditures.

During the current fiscal year, the fund balance of the Agency's General Fund increased by \$4,829. This increase is due to the Board's financial planning and management's control of expenses.

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, 2010, the ending fund balance of this fund had declined to \$609,084, a decrease of \$370,934 in comparison to the prior fiscal year end. This planned reduction in fund balance will continue through project completion, spending these dedicated funds as intended.

Washington County Consolidated Communications Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2010

General Fund Budgetary Highlights

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

- Beginning Working Capital / Beginning Fund Balance was \$238,355 less than budgeted due to prior year contract receivable payments and 9-1-1 Taxes received too late to be recognized as current revenue of the prior year.
- 9-1-1 tax revenue were \$83,799 less than the budgeted amount due to a decline in this revenue source that was not anticipated in the budget;
- Charges for Services were \$141,543 more than budgeted because a contracted entity's prior year payment of \$103,660 was received so late as to be recognized as revenue in the current year, and because maintenance services performed for customers exceeded expectations by \$40,853.
- Miscellaneous revenue was \$50,791 more than budget due to a \$100,000 sale of radios held in inventory to a partner agency.
- Personal Services expenditures were \$765,975 less than budget because the Agency adopted appropriations for all positions in full but experienced vacancies during the year.
- Materials and Services expenditures were \$196,999 less than budget primarily due to an end of year appropriations adjustment of \$149,000 enacted to ensure the Agency would have sufficient appropriations for the year. Without this adjustment, this category of expenditures would have come in under budget by 3%.
- Capital Outlay appropriations were under spent by \$112,969 due to reprioritization of needs in response to changing conditions;
- Contingency ended the fiscal year with \$1,254,903 in unspent appropriations.

For the above reasons and other, the ending fund balance of the General Fund exceeded the final budget by \$2,199,051.

Capital Assets

The Agency's investment in capital assets includes leasehold improvements, vehicles, furniture, fixtures, equipment, and work in progress. As of June 30, 2010, the Agency had invested \$10,238,081 in capital assets, net of depreciation, as shown in the following table:

Capital Assets (net of depreciation)	<u>Governmental Activities</u>		Increase (Decrease) from 2009
	2010	2009	
Leasehold improvements	\$ 2,195,016	\$ 2,357,825	\$ (162,809)
Vehicles	53,944	51,753	2,191
Furniture, fixtures and equipment	6,816,814	8,248,192	(1,431,378)
Work in progress	1,172,307	867,877	304,430
Total	<u>\$10,238,081</u>	<u>\$ 11,525,647</u>	<u>\$ (1,287,566)</u>

During the year, the Agency's investment in capital assets decreased by \$1,287,566 mainly due to depreciation expense.

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

Washington County Consolidated Communications Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2010

Economic Factors and Next Year's Budget and Rates

The recessionary economic times of the nation, the State of Oregon and the local economy bear against this Agency's financial well being in a number of ways:

- Participating governments upon which this Agency is dependent for 65 percent of its operating revenue are experiencing varying degrees of financial stress due to the downturn in building activities, increased unemployment, reduced property tax collections and reductions in state funding of services;
- The rate of interest earnings on investments declined over the course of the fiscal year;
- 9-1-1 revenues declined in the current fiscal year compared to the prior year in a reversal of historical trends. While these revenues have historically correlated closely to the rate of population growth, the decline in this revenue source may be attributed to households reducing their number of land lines and cell phones and the increasing trend to pre-paid calling cards which do not pay 9-1-1 taxes.

In spite of the economic times, and due largely to communication and planning efforts amongst the partners, the Agency continues to experience stable funding from all partners. Both commitment by the partners to quality dispatching services and the Agency's efforts at streamlining and cost effectiveness have been demonstrated.

A financial forecast and plan was studied and implemented by the Board for the second year in what has become an annual process. While the plan necessarily required consideration of the financial stresses of the partners, it still addressed the upward pressures on the program expenses of the Agency. For partners and the Agency alike, the Public Employees Retirement System employer rates will likely increase 50 percent the second fiscal year hence. Increases to health insurances also add financial pressure. Finally, the completion of the construction and implementation of the new Phase II radio tower sites increased the operational tower sites from six to thirteen, increasing operational expenses.

The 9-1-1 telephone excise tax revenue is declining year over year. As the only other major revenue source to the Agency, the overall funding for operations is shifting significantly to members' user fees.

The financial plan envisions utilizing fund balance to level the rate of increases to the partners over the five year planning horizon, targeting ending fund balance at 12 percent of operating expenditures, per board policy. Additionally, funding for large capital expenditures is forecasted to be deferred for all years of the financial plan.

For the fiscal year 2010-11, the budget implements a 9.9 percent increase in member/partner rates. For the following five years, an annual rate of increase in member/partner user rates is forecasted to be slightly less, but still very significant to all member/partners.

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 17911 NW Evergreen Parkway, Beaverton, Oregon, 97006.

Basic Financial Statements

Washington County Consolidated Communications Agency
Statement of Net Assets
June 30, 2010

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,606,385
Receivables, net:	
9-1-1 taxes receivable	1,260,388
Accounts and deposit receivable	2,041,202
Inventory	42,500
Capital assets not being depreciated:	
Construction in progress	1,172,307
Capital assets net of accumulated depreciation:	
Leasehold improvements	2,195,016
Vehicles	53,944
Furniture, fixtures, and equipment	6,816,814
Total assets	18,188,556
LIABILITIES	
Accounts payable	583,190
Accrued salaries and benefits payable	394,664
Accrued compensated absences	366,722
Unearned revenue	1,880,067
Total liabilities	3,224,643
NET ASSETS	
Invested in capital assets	10,238,081
Unrestricted	4,725,832
Total net assets	\$ 14,963,913

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, 2010

	Governmental Activities
Expenses:	
Public safety - dispatch service	\$ 12,084,647
Total program expenses	12,084,647
Program revenues:	
Charges for services	6,911,150
Operating grants and contributions	24,077
Capital grants and contributions	125,000
Total program revenues	7,060,227
Net program expenses	(5,024,420)
General revenues:	
9-1-1 taxes	2,646,044
Investment earnings	31,557
Miscellaneous	275,237
Total general revenues	2,952,838
Change in net assets	(2,071,582)
Net assets, July 1, 2009, as previously stated	16,392,737
Restatement, Note G	642,758
Net assets, July 1, 2009, as restated	17,035,495
Net assets, June 30, 2010	\$ 14,963,913

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

Washington County Consolidated Communications Agency
 Balance Sheet
 Governmental Funds
 June 30, 2010

	<u>General Fund</u>	<u>Capital Equipment Replacement Fund</u>	<u>System Upgrade Capital Fund</u>	<u>Nonmajor Facility Maintenance Fund</u>	<u>Total Govern- mental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 2,742,248	\$ 326,029	\$ 1,094,493	\$ 443,615	\$ 4,606,385
Receivables:					
9-1-1 taxes receivable	1,260,388	-	-	-	1,260,388
Accounts receivable (net of allowance for uncollectibles)	2,026,358	-	-	-	2,026,358
Deposit on construction site			14,844		14,844
Total assets	<u>\$ 6,028,994</u>	<u>\$ 326,029</u>	<u>\$ 1,109,337</u>	<u>\$ 443,615</u>	<u>\$ 7,907,975</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 82,937	-	\$ 500,253	-	\$ 583,190
Accrued salaries and benefits payable	394,664	-		-	394,664
Deferred revenue	2,613,357	-		-	2,613,357
Total liabilities	<u>3,090,958</u>	<u>-</u>	<u>500,253</u>	<u>-</u>	<u>3,591,211</u>
Fund balances:					
Unreserved, reported in:					
General fund	2,938,036				2,938,036
Special revenue funds		326,029		443,615	769,644
Capital projects funds			609,084		609,084
Total fund balances	<u>2,938,036</u>	<u>326,029</u>	<u>609,084</u>	<u>443,615</u>	<u>4,316,764</u>
Total liabilities and fund balances	<u>\$ 6,028,994</u>	<u>\$ 326,029</u>	<u>\$ 1,109,337</u>	<u>\$ 443,615</u>	<u>\$ 7,907,975</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, 2010

Total fund balances		\$ 4,316,764
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$14,459,278	
Accumulated depreciation	<u>(4,221,196)</u>	10,238,081
Contributed inventory is not reported in governmental funds.		42,500
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.		86,430
The fourth quarter of 9-1-1 taxes are receivable at 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.		646,860
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.		(366,722)
 Total net assets		 <u><u>\$ 14,963,913</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, 2010

	<u>General Fund</u>	<u>Capital Equipment Replacement Fund</u>	<u>System Upgrade Capital Fund</u>	<u>Nonmajor Facility Maintenance Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 2,752,801				\$ 2,752,801
Investment earnings	20,729	\$ 1,776	\$ 6,322	\$ 2,730	31,557
Charges for services	7,015,143				7,015,143
Intergovernmental revenue		125,000			125,000
Grant revenue	2,077				2,077
Miscellaneous	249,791				249,791
Total revenues	<u>10,040,541</u>	<u>126,776</u>	<u>6,322</u>	<u>2,730</u>	<u>10,176,369</u>
EXPENDITURES					
Personal services	8,231,795				8,231,795
Materials and services	1,479,631	76,152		2,900	1,558,683
Capital outlay	111,131	184,048	555,911	500	851,590
Total expenditures	<u>9,822,557</u>	<u>260,200</u>	<u>555,911</u>	<u>3,400</u>	<u>10,642,068</u>
Excess (deficiency) of revenues over (under) expenditures	<u>217,984</u>	<u>(133,424)</u>	<u>(549,589)</u>	<u>(670)</u>	<u>(465,699)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in		-	178,655	34,500	213,155
Transfers out	(213,155)				(213,155)
Total other financing financing sources (uses)	<u>(213,155)</u>	<u>-</u>	<u>178,655</u>	<u>34,500</u>	<u>-</u>
Net change in fund balances	<u>4,829</u>	<u>(133,424)</u>	<u>(370,934)</u>	<u>33,830</u>	<u>(465,699)</u>
Fund balances - June 30, 2009	2,933,207	459,453	980,018	409,785	4,782,463
Fund balances - June 30, 2010	<u>\$ 2,938,036</u>	<u>\$ 326,029</u>	<u>\$ 609,084</u>	<u>\$ 443,615</u>	<u>\$ 4,316,764</u>

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

Washington County Consolidated Communications Agency
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2010

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).	\$ (465,699)
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 depreciation expense (\$2,039,067) exceeded net additions to capital assets (\$789,943).	(1,249,124)
Contributed inventory is not recognized as revenue in governmental funds.	22,000
The loss on inventory is not reported as an expenditure in governmental funds.	(42,300)
The loss on retired assets is not reported as an expenditure in governmental funds.	(38,443)
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.	(106,757)
Accounts receivable that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds, and declined in the from the prior year.	(78,497)
Proceeds of the sale of inventory are recognized as revenue in the fund statements but not in the Statement of Activities.	(100,000)
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.	<u>(12,762)</u>
Change in net assets	<u><u>\$(2,071,582)</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,836,600	\$ 2,836,600	\$ 2,752,801	\$ (83,799)
Investment earnings	24,781	24,781	20,729	(4,052)
Charges for services	6,873,600	6,873,600	7,015,143	141,543
Grant revenue			2,077	2,077
Miscellaneous	199,000	199,000	249,791	50,791
Total revenues	<u>9,933,981</u>	<u>9,933,981</u>	<u>10,040,541</u>	<u>106,560</u>
EXPENDITURES				
Personal services	9,146,770	8,997,770	8,231,795	765,975
Materials and services	1,527,630	1,676,630	1,479,631	196,999
Capital outlay	224,100	224,100	111,131	112,969
Operating contingency	1,338,058	1,254,903		1,254,903
Total expenditures	<u>12,236,558</u>	<u>12,153,403</u>	<u>9,822,557</u>	<u>2,330,846</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,302,577)</u>	<u>(2,219,422)</u>	<u>217,984</u>	<u>2,437,406</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(130,000)</u>	<u>(213,155)</u>	<u>(213,155)</u>	<u>-</u>
Net change in fund balances	<u>(2,432,577)</u>	<u>(2,432,577)</u>	<u>4,829</u>	<u>2,437,406</u>
Fund balances - July 1, 2009	<u>3,171,562</u>	<u>3,171,562</u>	<u>2,933,207</u>	<u>(238,355)</u>
Fund balances - June 30, 2010	<u>\$ 738,985</u>	<u>\$ 738,985</u>	<u>\$ 2,938,036</u>	<u>\$ 2,199,051</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ 2,290	\$ 2,290	\$ 1,776	\$ (514)
Intergovernmental revenue	125,000	125,000	125,000	-
Total revenues	<u>127,290</u>	<u>127,290</u>	<u>126,776</u>	<u>(514)</u>
EXPENDITURES				
Personal services	25,000	25,000		25,000
Materials and Services		76,500	76,152	348
Capital outlay	466,675	390,175	184,048	206,127
Operating Contingency	96,795	96,795		96,795
Total expenditures	<u>588,470</u>	<u>588,470</u>	<u>260,200</u>	<u>328,270</u>
Net change in fund balances	(461,180)	(461,180)	(133,424)	327,756
Fund balances - July 1, 2009	<u>461,180</u>	<u>461,180</u>	<u>459,453</u>	<u>(1,727)</u>
Fund balances - June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 326,029</u>	<u>\$ 326,029</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, 2010

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 expenses/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, 2010

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 Agency's contract with its member/partners calls for quarterly user fees to be paid in advance of each quarter. The full amount of the first quarter user participation fees for the ensuing fiscal year has been recorded as unearned revenue.

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. In the current fiscal year, the first quarter user participation fees for the ensuing fiscal year (as noted above) were recorded as deferred revenue in the governmental fund financial statements as the revenue is unearned at fiscal year end.

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 the number of radio tower facilities and associated equipment.
- The *Capital Equipment Replacement Fund*, a special revenue fund type, accounts for the accumulation of resources to replace significant capital equipment. In the current year, it completed a multi-year project replace 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 major facilities expenditures.

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

I. Summary of significant accounting policies, continued

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. The Agency invests all available cash solely with the Oregon State Treasurer's Local Government Investment Pool. These investments are classified as a cash equivalent and are carried at cost, which approximates fair value.

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 for resale to the Agency's customers. The radios are valued at an estimated market price, which is less than actual cost.

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 and an estimated useful life of greater than one year. Replacements which improve or extend the lives of property are capitalized. Maintenance, repairs and equipment replacements of a routine nature are charged to expenses/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

During the fiscal year, the Agency was informed by the vendor of the new Computer Aided Dispatch equipment that the end of maintenance support would occur in March, 2015 and that there would be no further enhancements to the programming effective March, 2012. Management has deemed that it would not be cost effective to enhance a program which is nearing end of life and anticipates replacement of the CAD by March of 2012. The service life for the CAD has therefore been reduced to two and three quarters years effective as of the current fiscal year.

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. The amount for compensated absences represents approximately four months usage. In the governmental fund financials, no amount of compensated absences is reported, as accrued vacation is payable only when it has matured.

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

I. Summary of significant accounting policies, continued

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.

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. 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 is used to increase the budget. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. A supplemental budget was enacted during the year ended June 30, 2010.

Budgets may be modified by resolution of the Board of Commissioners transferring appropriation between categories. Two such resolutions were enacted during the year ended June 30, 2010. 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, 2010, were comprised of the following:

Petty cash	\$ 200
Deposits with financial institutions	274,559
Oregon Local Government Investment Pool	4,331,626
Total pooled cash and investments	<u>\$ 4,606,385</u>

1. Deposits with financial institutions

Deposits with financial institutions are bank demand deposits. The total carrying amount of deposits at June 30, 2010, was \$274,559. The total bank balance per the bank statement was \$413,262 which is fully insured by the FDIC through the bank's participation in the Transaction Account Guarantee Program. There were no known violations of legal or contractual provisions for deposits.

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

III. Detailed notes on all funds, continued

A. Cash, cash equivalents, and investments, continued

1. Deposits with financial institutions, continued

In 2007, the Oregon Legislature significantly revised Oregon Revised Statutes 295 related to the collateralization process for bank depositories and local governments. The changes created a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100 percent protected. In general, bank depositories are required to pledge collateral valued at least 10 percent of their quarter-end public fund deposits if they are well capitalized or 110 percent of their quarter-end public fund deposits if they are adequately capitalized, undercapitalized or assigned to pledge that amount by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

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, 2010.

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, 2010.

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 which is not registered with the U.S. Securities and Exchange Commission as an investment company. 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, 2010.

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, 2010, the Agency did not have any investments exposed to custodial credit risk.

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

III. Detailed notes on all funds, continued

B. Capital assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 867,877	\$ 804,352	\$ (499,922)	\$ 1,172,307
Total capital assets, not being depreciated	<u>867,877</u>	<u>804,352</u>	<u>(499,922)</u>	<u>1,172,307</u>
Capital assets, being depreciated:				
Leasehold Improvements	2,453,662	31,562	(31,300)	2,453,924
Vehicles	170,392	22,904	(19,956)	173,340
Furniture, fixtures and equipment	10,240,095	720,973	(301,362)	10,659,706
Total capital assets, being depreciated	<u>12,864,149</u>	<u>775,439</u>	<u>(352,618)</u>	<u>13,286,970</u>
Less accumulated depreciation for:				
Leasehold improvements	(95,837)	(163,332)	261	(258,908)
Vehicles	(118,639)	(20,713)	19,956	(119,396)
Furniture, fixtures and equipment	(1,991,903)	(1,855,022)	4,033	(3,842,892)
Total accumulated depreciation	<u>(2,206,379)</u>	<u>(2,039,067)</u>	<u>24,250</u>	<u>(4,221,196)</u>
Total capital assets being depreciated, net	<u>10,657,770</u>	<u>(1,263,628)</u>	<u>(328,368)</u>	<u>9,065,774</u>
Total capital assets, net of depreciation	<u>\$ 11,525,647</u>	<u>\$ (459,276)</u>	<u>(828,290)</u>	<u>\$ 10,238,081</u>

Depreciation Expense in the amount of \$2,039,067 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. The building which houses the Agency is the only such asset.

C. Interfund receivables, payables, and transfers

There were no interfund receivables and payables as of June 30, 2010. Interfund transfers for the year ended June 30, 2010 are as follows:

Transfers in:	
System Upgrade Capital Fund	\$ 178,655
Nonmajor Governmental Fund:	
Facility Maintenance Fund	34,500
Total Transfers out:	
General Fund	<u>\$213,155</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 and to the Facility Maintenance Fund to fund improvements to the 9-1-1 center.

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

III. Detailed notes on all funds, continued

D. Compensated absences

Compensated absences activity for the year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010
Governmental activities:				
Compensated absences	\$ 353,959	\$1,292,856	\$ 1,280,093	\$ 366,722

The balance is liquidated by the General Fund generally within one half year, and is reported on the Statement of Net Assets. The Agency treats all compensated absences as a current liability.

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.

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

IV. Other information, continued

C. Participation in Public Employees' Retirement System, continued

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, 2010, the Agency was required to contribute at an actuarially determined rate of 9.59% for covered employees' salaries to the existing PERS plan and 9.72% 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.

3. Required Contributions

For the year ended June 30, 2010, the Agency's required and actual contribution was \$566,776 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, 2010 was determined as part of a December 31, 2007 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 2010 and the two preceding years were as follows:

Year Ended June 30,	Required Contributions	Percentage of Required Contributions Made	Net Pension Obligation
2010	\$ 566,776	100%	-
2009	670,452	100%	-
2008	645,729	100%	-

5. PERS Retirement Health Insurance Account (RHIA)

Plan Description – As a member of Oregon Public Employees Retirement System (OPERS), the Agency contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing, multiple-employer, defined benefit, other post employment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premium of eligible retirees. Oregon Revised Statutes (ORS) 238.420 establishes this trust fund. Authority to establish and amend the benefit provision of RHIA resides with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to OPERS, PO Box 23700, Tigard, Oregon, 97281-37400.

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

IV. Other information, continued

C. Participation in Public Employees' Retirement System, continued

5. PERS Retirement Health Insurance Account (RHIA), continued

RHIA Funding Policy – Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provide in OPRS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) received both Medicare Parts A and B coverage, and (3) enroll in PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The Agency currently contributes 0.29% of annual covered Tier 1 and Tier 2 payroll and 0.19% of OPSRP payroll. The OPERS Board of Trustees sets the employer contribution rates base on the annual required contribution of employers (ARC), and amount actuarially determined in accordance either parameters of GASB Statement 45. The ARC represents a level of funding that, of paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

D. Operating leases

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

<u>Years Ending June 30,</u>	<u>Amount</u>
2011	\$ 12,000
2012	12,000
2013	12,000
2014	13,000
2015	13,000
Thereafter	<u>20,000</u>
Total	<u>\$ 82,000</u>

The expense for all operating leases for the year ended June 30, 2010 was approximately \$40,000.

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 as follows:

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

IV. Other information, continued

E. Related party transactions, continued

Participants	9-1-1 Excise	Charges for Services			Total Taxes and Charges
	Taxes	Fees	Maintenance	Total	
Washington County	\$ 1,095,286	\$ 1,527,602	\$ 24,860	\$ 1,552,462	\$ 2,647,748
City of Hillsboro	454,146	1,194,647	2,764	1,197,411	1,651,557
City of Beaverton	437,188	872,039	7,132	879,171	1,316,359
Tualatin Valley Fire and Rescue	-	1,332,868	1,073	1,333,941	1,333,941
City of Tigard	238,975	443,631	1,739	445,370	684,345
City of Tualatin	131,718	243,454	2,217	245,671	377,389
City of Forest Grove	108,452	258,588	1,084	259,672	368,124
City of Sherwood	83,574	153,923	745	154,668	238,242
City of Cornelius	55,389	116,636	445	117,081	172,470
Washington County Fire Dist. No. 2	-	53,864	1,003	54,867	54,867
City of King City	14,038	17,788	228	18,016	32,054
City of Gaston	3,347	21,983	-	21,983	25,330
City of North Plains	9,631	10,715	122	10,837	20,468
Banks Fire District No. 13	-	24,682	478	25,160	25,160
City of Durham	7,057	11,358	-	11,358	18,415
City of Banks	7,243	6,181	-	6,181	13,424
Subtotal related party transactions:		\$ 6,289,959	\$ 43,890	\$ 6,333,849	8,979,893
Other: non-related parties					
Clackamas County 800 Radio Group		415,710	38,763	454,473	454,473
Subtotal principal contract payers		6,705,669	82,653	6,788,322	9,434,366
Miscellaneous other contracts		112,628	10,200	122,828	122,828
Total	\$ 2,646,044	\$ 6,818,297	\$ 92,853	\$ 6,911,150	\$ 9,557,194

During the year ended June 30, 2010, the Agency paid Tualatin Valley Fire and Rescue, a rural fire protection district, \$113,667 for a loaned executive serving as the Interim Director 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 \$622,900 as of June 30, 2010.

G. Restatement

A restatement of beginning net assets was made during the fiscal year ended June 30, 2010. 9-1-1 tax revenue in prior years did not recognize the actual four quarters of the fiscal year; the quarters recognized as revenue in the current year were changed. \$642,758 of the June 30, 2009 Net Assets has been restated. The effect of this change was to increase 9-1-1 taxes receivable and deferred revenue on the Balance Sheet of the Governmental Funds by \$642,758 at June 30, 2009.

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Supplementary Information

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 Agency's facilities.

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, 2010

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Investment earnings	\$ -	\$ 2,795	\$ 6,322	\$ 3,527
EXPENDITURES				
Capital outlay	560,000	1,161,450	555,911	605,539
Excess (deficiency) of revenues over (under) expenditures	(560,000)	(1,158,655)	(549,589)	609,066
OTHER FINANCING SOURCE				
Transfers in	-	178,655	178,655	-
Net change in fund balances	(560,000)	(980,000)	(370,934)	609,066
Fund balances - July 1, 2009	560,000	980,000	980,018	18
Fund balances - June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 609,084</u>	<u>\$ 609,084</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, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment earnings	<u>\$ 4,454</u>	<u>\$ 2,730</u>	<u>\$ (1,724)</u>
EXPENDITURES			
Materials and services	95,000	2,900	92,100
Capital Outlay	118,000	500	117,500
Operating Contingency	<u>235,949</u>		<u>235,949</u>
Total expenditures	<u>448,949</u>	<u>3,400</u>	<u>445,549</u>
Excess (deficiency) of revenues over (under) expenditures	(444,495)	(670)	443,825
OTHER FINANCING SOURCE			
Transfers in	<u>130,000</u>	<u>34,500</u>	<u>(95,500)</u>
Net change in fund balances	(314,495)	33,830	348,325
Fund balances - July 1, 2009	314,495	409,785	95,290
Fund balances - June 30, 2010	<u>\$ -</u>	<u>\$ 443,615</u>	<u>\$ 443,615</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. Seven years of data are reported here as it was that time frame that the Agency implemented GASB 34.	
Revenue Capacity	52
This schedule contains information to help the reader assess the Agency's most significant local revenue sources, charges for services, 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 Seven Fiscal Years

(accrual basis of accounting)

	Fiscal Year						
	2004	2005	2006	2007	2008	Restated 2009	2010
Governmental Activities:							
Invested in capital assets	\$ 4,151,795	\$ 6,673,089	\$ 7,343,695	\$ 8,074,817	\$ 9,097,187	\$ 11,525,647	\$ 10,238,081
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	5,815,017	5,509,848	4,725,832
Total primary government net assets	\$ 8,882,164	\$ 11,802,201	\$ 14,029,265	\$ 14,486,579	\$ 16,257,798	\$ 17,035,495	\$ 14,963,913

Notes:

(1) The presentation of Unrestricted and Restricted Net Assets recently changed due to evolving standards.

(2) Seven years of Net Assets by Component are presented here, reflecting the years since GASB 34 was implemented by the Agency.

Washington County Consolidated Communications Agency

Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2004	2005	2006	2007	2008	Restated 2009	2010
EXPENSES							
Governmental activities:							
Public safety - dispatch service	\$ 7,145,729	\$ 7,394,443	\$ 8,026,041	\$ 9,242,263	\$ 9,332,793	\$ 10,217,053	\$ 12,084,647
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>	<u>10,217,053</u>	<u>12,084,647</u>
PROGRAM REVENUES							
Governmental activities:							
Charges for services	5,275,929	5,648,971	5,935,009	6,246,744	6,365,948	6,496,225	6,911,150
Operating grants and contributions	134,517	790,774	129,827	208,614	370,000		24,077
Capital grants and contributions	1,510,264	1,510,264	1,510,264	257,164	269,545	1,358,021	125,000
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>	<u>7,854,246</u>	<u>7,060,227</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>	<u>(2,362,807)</u>	<u>(5,024,420)</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	2,674,527	2,646,044
Investment earnings	80,683	102,825	231,176	316,355	271,251	111,906	31,557
Miscellaneous	54,894	30,038	55,949	35,750	175,823	80,943	275,237
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>	<u>2,867,376</u>	<u>2,952,838</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>	<u>\$ 504,569</u>	<u>\$ (2,071,582)</u>

Notes:

(1) Prior years were not adjusted for the restatement.

(2) Seven years of Changes in Net Assets are presented here, reflecting the years since GASB 34 was implemented by the Agency.

Washington County Consolidated Communications Agency

Fund Balances, Governmental Funds

Last Seven Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
GENERAL FUND							
Unreserved	\$ 1,702,637	\$ 2,293,812	\$ 2,823,838	\$ 3,559,737	\$ 4,078,647	\$ 2,933,207	\$ 2,938,036
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>	<u>\$ 2,933,207</u>	<u>\$ 2,938,036</u>
ALL OTHER GOVERNMENTAL FUNDS							
Unreserved, reported in							
Special revenue funds	\$ 826,568	\$ 745,137	\$ 826,666	\$ 944,734	\$ 1,206,643	\$ 869,238	\$ 769,644
Capital projects funds	2,403,356	2,375,721	3,233,634	2,237,105	1,345,594	980,018	609,084
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>	<u>\$ 1,849,256</u>	<u>\$ 1,378,728</u>

Washington County Consolidated Communications Agency

Changes in Fund Balances, Governmental Funds

Last Seven Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
REVENUES							
Taxes	\$ 2,179,044	\$ 2,258,983	\$ 2,332,940	\$ 2,655,493	\$ 3,177,816	\$ 2,648,301	\$ 2,752,801
Intergovernmental	-	1,510,264	1,510,264	-	125,000	125,000	125,000
Investment earnings	80,683	102,825	231,176	316,354	271,251	111,905	31,557
Charges for services	5,328,466	5,656,359	5,926,018	6,257,914	6,363,994	6,349,909	7,015,143
Grants	134,517	790,774	129,827	208,614	144,545	885,081	2,077
Miscellaneous	54,894	30,038	55,363	36,337	172,201	125,626	249,791
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>	<u>10,245,822</u>	<u>10,176,369</u>
EXPENDITURES							
Current							
Public safety	6,705,450	7,128,202	7,725,788	8,187,618	8,862,004	9,262,505	9,790,478
Capital outlay	2,938,057	2,738,932	990,332	1,429,656	1,503,495	2,831,738	851,590
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>	<u>12,094,243</u>	<u>10,642,068</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>	<u>(1,848,421)</u>	<u>(465,699)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	809,562	809,562	221,176	209,866	540,000	1,000,000	213,155
Transfers out	<u>(809,562)</u>	<u>(809,562)</u>	<u>(221,176)</u>	<u>(209,866)</u>	<u>(540,000)</u>	<u>(1,000,000)</u>	<u>(213,155)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$(1,865,903)</u>	<u>\$ 482,109</u>	<u>\$ 1,469,468</u>	<u>\$ (142,562)</u>	<u>\$ (110,692)</u>	<u>\$(1,848,421)</u>	<u>\$ (465,699)</u>

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

Fiscal Year	Total	Washington County	Tualatin Valley Fire & Rescue	City of Hillsboro	City of 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 & Banks FD#13	City of Gaston	City of King City	City of Durham	City of North Plains	City of Radio Group
2010	\$ 6,705,669	\$ 1,527,602	\$ 1,332,868	\$ 1,194,647	\$ 872,039	\$ 443,631	\$ 258,588	\$ 243,454	\$ 153,923	\$ 116,636	\$ 53,864	\$ 30,863	\$ 21,983	\$ 17,788	\$ 11,358	\$ 10,715	\$ 415,710
2009	\$ 6,297,263	1,447,490	1,191,713	1,125,947	823,951	419,363	241,705	231,620	145,283	113,424	52,295	29,789	21,223	17,270	11,027	10,403	414,760
2008	5,878,272	1,451,469	1,185,941	1,101,800	805,282	417,286	235,407	232,916	140,070	117,310	54,592	26,097	23,336	17,963	10,706	11,569	46,528
2007	5,688,738	1,393,696	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	19,530	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

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

Note: The current year excludes miscellaneous other contracts in favor of reporting a large, non-related party contract.

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⁾
2010	(A)	(A)	(A)	(A)	9.10 %
2009	527,140	(A)	(A)	(A)	10.7
2008	519,925	(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

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 information provided by:

- ⁽¹⁾ Portland State University, Population Research Center
- ⁽²⁾ State of Oregon Employment Division, Workforce & Economic Research Division.
- ⁽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	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Dispatchers	45.0	54.5	53.0	54.0	62.5	59.0	58.5	66.5	66.5	66.5
Operations Supervisors	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0
Computer/Resource Support	2.0	2.0	1.0	1.0	2.0	2.0	2.0	3.0		
Technical Support	4.0	5.0	5.0	6.0	6.0	6.0	6.5	7.0		
Logistics									11.0	11.0
Performance Management									3.0	3.0
Administration and other	6.0	7.4	7.9	7.0	7.0	7.4	7.4	7.4	7.4	7.4
Total	<u>62.0</u>	<u>73.9</u>	<u>71.9</u>	<u>73.0</u>	<u>82.5</u>	<u>79.4</u>	<u>79.4</u>	<u>88.9</u>	<u>93.9</u>	<u>93.9</u>

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

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety - dispatch service:										
9-1-1 Calls	186,947	177,267	189,510	175,493	181,643	170,177	148,210	148,705	141,974	129,893
7 Digit In Calls	250,756	240,762	246,110	248,020	252,337	246,991	213,815	208,478	290,495	199,241

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

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety:										
Equipment:										
Communications Network	2	2	2	2	2	2	2	2	3	3
Radio Towers	6	6	6	6	6	6	6	6	13	13
Radios, mobile and portable			3,953	5,713	6,110	6,430	6,866	7,310	7,647	6,908

Audit Comments and Disclosures Required by State Regulations Section



AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

September 21, 2010

Board of Directors
Washington County Consolidated Communications Agency
Beaverton, Oregon

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We have audited the 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, 2010, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated September 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

COMPLIANCE

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed the procedures to the extent we considered necessary to address the required comments and disclosures, but not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Insurance and fidelity bonds in force or required by law.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing, nothing came to our attention that caused us to believe the Agency was not in substantial compliance with certain provisions of laws, regulations, and contracts, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS (Continued)**

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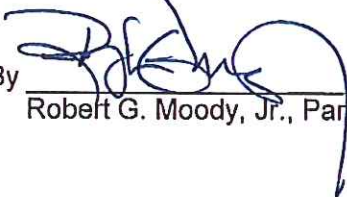
OAR 162-10-230 INTERNAL CONTROL

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

* * * * *

This report is intended solely for the information and use of the Board of Directors, Oregon Secretary of State, Audits Division, and management 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