



Washington County Consolidated Communications Agency

Comprehensive Annual Financial Report

For the fiscal year ended
June 30, 2012

**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, 2012

Prepared by
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Kelly Dutra, Director

Washington County Consolidated Communications Agency
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2012

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Introductory Section

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Washington County Consolidated Communications Agency

September 25, 2012

**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, 2012. State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2012.

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 it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Talbot, Korvola and Warwick, LLP has issued an unqualified ("clean") opinion on Washington County Consolidated Communications Agency's financial statements for the year ended June 30, 2012. 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. 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.*"

Local Economy

Washington County has the second largest population of Oregon counties with a 2011 census population of 536,370. After the three Central Oregon counties growth rate over the prior decade of 20 to 49 percent, Washington County's population growth was the fourth fastest growing county in Oregon. Its population increased 19.6 percent over the decade from 2000 to 2010. (Population estimates for 2012 are not available as of the date of this report.) The County's population includes two of the state's largest cities, Hillsboro and Beaverton. If the population of Washington County's unincorporated area was ranked among cities, it would be Oregon's second largest city.

The Washington County area serves as the home to internationally recognized companies such as Intel, Nike, Genentech, Mentor Graphics, In Focus, and Tektronix. Top metropolitan area employers include Intel, Nike, Providence St. Vincent Hospital, Target Stores, Tektronix, Home Depot, Kaiser Permanente, Rite Aid Corporation, Xerox Office Business Group, TriQuint Semiconductor and Tuality Healthcare, exclusive of large government employers. The top ten taxpayers within Washington County are Intel, Nike, Portland General Electric, Frontier Communications, Pacific Realty Associates, Northwest Natural Gas, Genentech Inc., Comcast, Maxim and Tektronix, Inc. Intel has continued to invest in multi-million dollar facility expansions to manufacture state-of-the-art computer chips, largely in the City of Hillsboro.

As an ORS 190 organization, the Agency is funded largely by user fees from the participating jurisdictions and also 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. Finally, the trend towards pre-paid cell phones, which do not pay the 9-1-1 tax, is reducing the collections of this major funding source to the Agency. As a result, the member governments comprising this Agency are funding an increasing proportion of the operations.

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.

Long-term Financial Planning and Major Initiatives

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund at year end was 29% of total General Fund revenues. This percentage is above the minimum target fund balance set by the Board of 12%.

On an annual basis, the Agency develops a long range financial forecast which is considered for adoption by the Board of Commissioners in its September retreat. The forecast includes only the General Fund which encompasses all of the operations of the Agency. The first year of the adopted forecast provides a plan for the Agency to use in developing the ensuing year's budget. This annual financial forecasting provides the Board and management with a long term view of the financial health of the Agency, and offers strategic approaches to planning for service levels and predictability of the cost to the member governments that direct the Agency.

As part of its strategic planning process, the Agency is developing a long term capital plan....

"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 conducted several years ago, the following goals were developed. The Agency is currently undertaking a renewed approach at strategic planning and these are subject to change.

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.*
- 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.*

Relevant Financial Policies

The Agency has adopted a comprehensive set of financial policies. During the current year, two of these policies were particularly relevant. The Agency has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). As a result of the economic downturn; however, for the General Fund, estimated revenues were less than appropriations (\$11,289,468 v. \$13,816,902). In such cases, the policy allows for the appropriation of fund balance to close the gap. The Agency did close out the Facilities Maintenance Fund during the year which increased the General Fund's ending fund balance.

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 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. Ongoing efforts are focused on transforming the Agency into a high reliability organization.

The Agency is engaging in a long term capital improvement planning process, particularly to address the aging radio system equipment upon which two counties' public safety communities rely, a new Computer Aided Dispatch (CAD) system and the facilities in which the Agency is housed.

Through the efforts of its member governments, the Agency supported a legislative process to address the lack of 9-1-1 excise taxes being levied on pre-paid cell phones. The Legislature is seeking further information and negotiations on this matter and will address it again in its 2012 interim session.

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 state'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 (CAFR) for the fiscal year ended June 30, 2011. This was the fourteenth year that the Agency has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated May 28, 2012. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgments

We express our gratitude to the partners who direct 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,



Kelly Dutra, Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Worthington County
Consolidated Communications
Agency, Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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

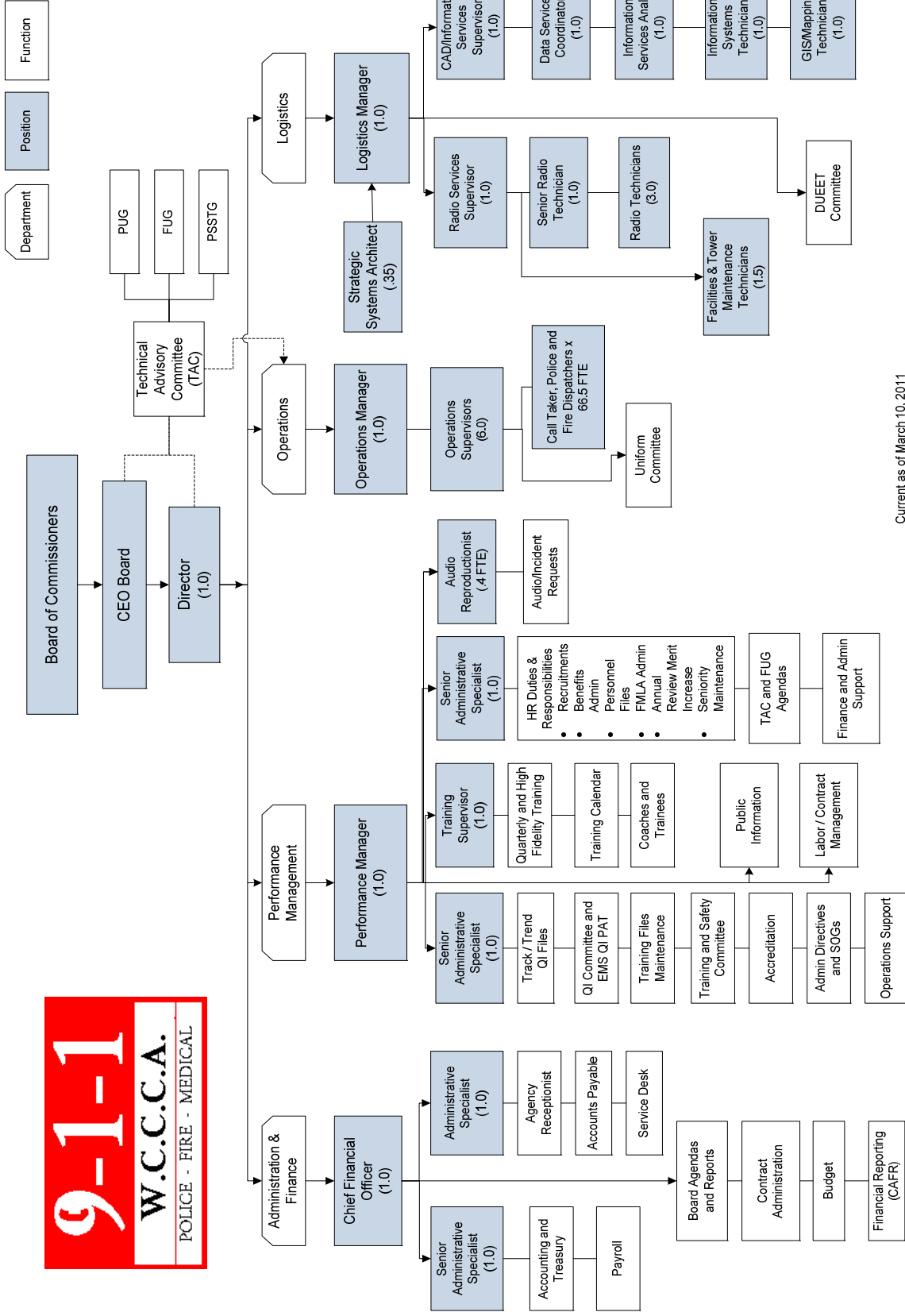


Linda C. Davidson

President

Jeffrey R. Emer

Executive Director



Current as of March 10, 2011

Washington County Consolidated Communications Agency
Board of Commissioners
June 30, 2012

Board of Commissioners

<i>City of Beaverton</i>	Mayor Dennis Doyle, <i>Chair</i>
<i>City of Cornelius</i>	Police Chief Paul Rubenstein, <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 Hillsboro</i>	Police Chief Carey Sullivan
<i>City of Tualatin</i>	Joelle Davis, 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>	Robert Kindel, Jr., City Councilor
<i>City of Durham</i>	Chuck Van Meter, City Councilor
<i>Washington County Fire District #2</i>	Fire Chief Dennis England
<i>Cornelius Rural Fire District</i>	Vacant
<i>Gaston Rural Fire District</i>	Phil Anderson, Board of Directors
<i>Banks Fire Protection District #13</i>	Fire 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>Washington County</i>	Rob Massar, Assistant County Administrator
<i>Tualatin Valley Fire & Rescue</i>	Fire Chief Mike Duyck
<i>City of Hillsboro</i>	Police Chief Carey Sullivan

Washington County Consolidated Communications Agency
Budget Committee
June 30, 2012

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 Cornelius</i>	Police Chief Paul Rubenstein, <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 Hillsboro</i>	Police Chief Carey Sullivan
<i>City of Tualatin</i>	Joelle Davis, 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>	Robert Kindel, Jr., City Councilor
<i>City of Durham</i>	Chuck Van Meter, City Councilor
<i>Washington County Fire District #2</i>	Fire Chief Dennis England
<i>Cornelius Rural Fire District</i>	Vacant
<i>Gaston Rural Fire District</i>	Phil Anderson, Board of Directors
<i>Banks Fire Protection District #13</i>	Fire Chief Brian Coussens

Citizen Representatives

<u>Representative</u>	<u>Appointed by:</u>	<u>Terms</u>
Karla Hernandez	<i>City of Beaverton</i>	<i>1/2012 – 12/2014</i>
Mark Haldeman	<i>City of Tigard</i>	<i>1/2012 – 12/2014</i>
Michael Mudrow	<i>Tualatin Valley Fire & Rescue</i>	<i>1/2010 - 12/2012</i>
Cleo Howell	<i>City of Forest Grove</i>	<i>1/2010 - 12/2012</i>
Monte Akers	<i>City of Hillsboro</i>	<i>1/2010 - 12/2012</i>
Bob Boryska	<i>City of Tualatin</i>	<i>2/2010 - 12/2012</i>
Mike Pedemonte	<i>Gaston Rural Fire</i>	<i>3/2010 - 12/2012</i>

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Financial Section



**Talbot, Korvola
& Warwick, LLP**

Certified Public Accountants
& Consultants

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INDEPENDENT AUDITOR'S REPORT

September 25, 2012

Board of Directors
Washington County Consolidated Communication Agency
Beaverton, Oregon

We have audited the accompanying financial statements of the governmental activities, and each major fund, of the Washington County Consolidated Communication Agency (the Agency), as of and for the year ended June 30, 2012, 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 above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Agency, as of June 30, 2012, and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

INDEPENDENT AUDITOR'S REPORT (Continued)

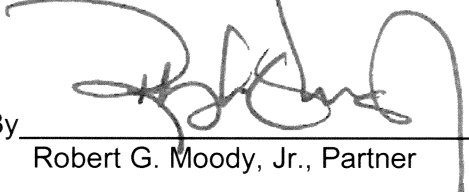
Washington County Consolidated Communication Agency
September 25, 2012
Page 2

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Introductory and Statistical Sections, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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, 2012

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, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 - 7 of this report.

Financial Highlights

- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by \$12,240,124. Of this amount, \$3,419,368 represents unrestricted net assets, which may be used to meet the Agency's ongoing obligations to citizens and creditors.
- The Agency's total net assets decreased by \$1,373,233 because depreciation expense exceeded current investments in capital assets.
- At the close of the current fiscal year, the Agency's governmental funds reported combined fund balances of \$3,726,612, a decrease of \$129,614 in comparison with the prior year. Approximately 86% of this amount (\$3,200,219) is available for spending at the Agency's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,200,219, or approximately 28% of total General Fund expenditures.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support 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.

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

The *Statement of Activities* presents information showing how the Agency's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected 9-1-1 telephone excise taxes and earned but unused vacation leave).

In the government-wide financial statements, the Agency's activities are shown in one category: *governmental activities*. The governmental activities of the Agency include emergency communications and dispatch operations, and are primarily supported through charges for services to other governments and 9-1-1 telephone excise taxes. The Agency has no business-type activities.

The government-wide financial statements can be found on pages 26 and 27 of this report.

Washington County Consolidated Communications Agency
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2012

Overview of the Financial Statements (Continued)

Fund Financial Statements. 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. The Agency has no proprietary funds or fiduciary 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 assessing the Agency'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 Agency's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Equipment Replacement Fund, both of which are considered to be major funds. A formerly reported nonmajor fund is now combined with the General Fund. A *combining schedule* in the supplementary information presents its inclusion into the General Fund.

The Agency adopts annual appropriated budgets for all funds. Budgetary information has been provided for each fund of the Agency to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 28 and 30 of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 - 43 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 51.

Washington County Consolidated Communications Agency
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2012

Government-wide Overall Financial Analysis

As noted earlier, net assets over time may serve as a useful indicator of a government's financial assets. In the case of the Agency, assets exceeded liabilities by \$12,240,124, at the close of the most recent fiscal year.

Net assets	Governmental Activities		Increase (Decrease) from 2011
	2012	2011	
Current and other assets	\$ 7,240,789	\$ 7,303,947	\$ (63,158)
Capital assets	8,294,363	9,412,723	(1,118,360)
Total assets	<u>15,535,152</u>	<u>16,716,670</u>	<u>(1,181,518)</u>
Current liabilities	<u>3,295,028</u>	<u>3,103,313</u>	<u>191,715</u>
Net assets:			
Invested in capital assets	8,294,363	9,412,723	(1,118,360)
Restricted	526,393	300,442	225,951
Unrestricted	3,419,368	3,900,192	(480,824)
Total net assets	<u>\$ 12,240,124</u>	<u>\$ 13,613,357</u>	<u>\$ (1,373,233)</u>

The largest portion of the Agency's net assets (67.8%) reflects its investment in capital assets (e.g. communications towers and equipment, leasehold improvements, and furniture, fixtures and computer equipment). The Agency uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Investment in capital assets is to be reported net of related debt. The Agency, however, has no debt.

The remaining balance of unrestricted net assets \$3,419,368 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 all categories of net assets. The same situation held 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 (64.4%) is for unearned revenue, which is the amount of the Agency's first quarter billing to participating governments for the ensuing fiscal year (\$2,123,439). In accordance with its underlying intergovernmental agreements, 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 (Continued)
For the Year Ended June 30, 2012

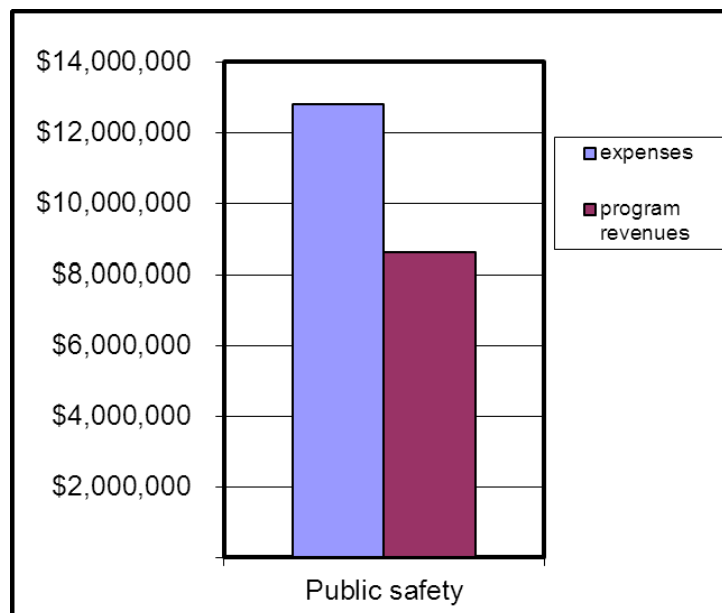
Government-wide Overall Financial Analysis (Continued)

Governmental activities. Governmental program activities, which represent all of the Agency's activities, decreased net assets by \$1,373,233. Key elements of the decrease in net assets for the Agency are as follows:

Changes in net assets	Governmental Activities		Increase (Decrease) from 2011
	2012	2011	
Revenues:			
Program revenues:			
Charges for services	\$ 8,356,790	\$ 7,737,346	\$ 619,444
Operating grants and contributions	3,500	500	3,000
Capital grants and contributions	752,641	125,000	627,641
General revenues:			
9-1-1 taxes	2,587,085	2,674,076	(86,991)
Investment earnings	20,561	22,632	(2,071)
Miscellaneous	208,149	456,601	(248,452)
Total revenues	<u>11,928,726</u>	<u>11,016,155</u>	<u>912,571</u>
Expenses:			
Public safety	<u>13,301,959</u>	<u>12,366,711</u>	<u>935,248</u>
Increase (decrease) in net assets	(1,373,233)	(1,350,556)	(22,677)
Net assets, July 1, 2011	<u>13,613,357</u>	<u>14,963,913</u>	<u>(1,350,556)</u>
Net assets, June 30, 2012	<u>\$ 12,240,124</u>	<u>\$ 13,613,357</u>	<u>\$ (1,373,233)</u>

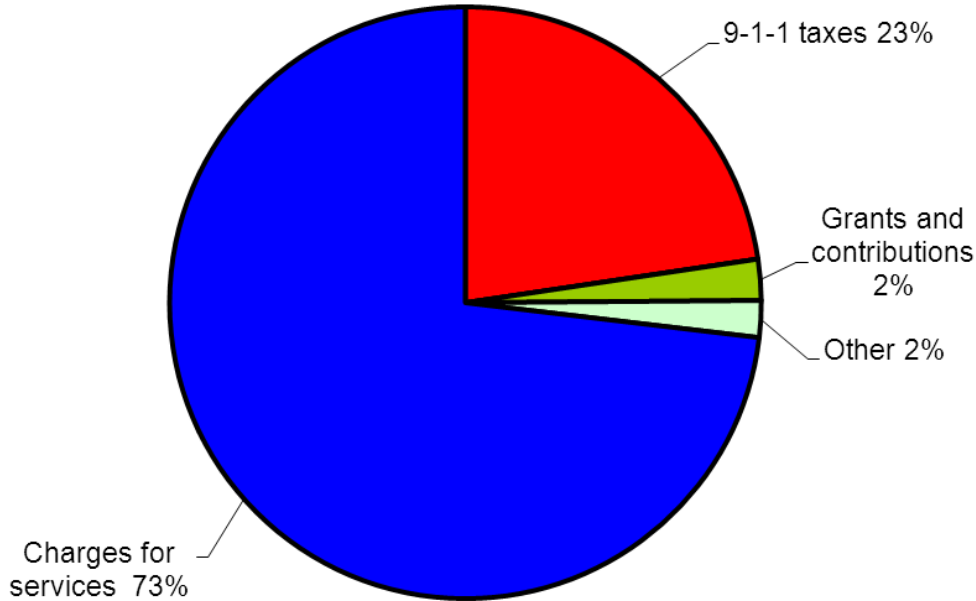
Expenses and Program Revenues – Governmental Activities

For the year ended June 30, 2012



Washington County Consolidated Communications Agency
 Management's Discussion and Analysis (Continued)
 For the Year Ended June 30, 2012

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, *unassigned 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, 2012, the Agency's governmental funds reported ending fund balance by category of:

Fund balances:	
Unspendable	\$ -
Restricted	526,393
Committed	-
Assigned	-
Unassigned	3,200,219
Total fund balances:	<u>\$ 3,726,612</u>

At June 30, 2012, the Agency's governmental funds reported combined ending fund balances of \$3,726,612, a decrease of \$129,614 in comparison with the prior year, primarily due to the Agency's financial planning designed to draw down fund balance by allowing public safety program expenditures to exceed charges for services and 9-1-1 telephone excise taxes in the current year.

Washington County Consolidated Communications Agency
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2012

Financial Analysis of the Government's Funds (Continued)

Governmental funds (Continued). *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 unassigned. As a measure of the General Fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. Total, unassigned fund balance represents 28.3% of total General Fund expenditures.

During the current fiscal year, the fund balance of the Agency's General Fund decreased by \$355,565. This decrease is due to the Board's financial planning and management's control of expenses to comply with that plan.

General Fund Budgetary Highlights

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

- Miscellaneous revenue was \$123,517 less than budgeted because the final payment from Nextel for the re-banding project of several years ago is outstanding as of the end of the year.
- Personnel services expenditures were \$612,278 less than budget because the Agency adopted appropriations for all positions in full but experienced vacancies during the year which it did not fill due to reduced staffing levels budgeted for the ensuing year;
- Materials and services expenditures were \$308,240 less than budget due primarily to unused contract and professional services (\$128,195), reduced spending for software maintenance and upgrades (\$69,912), reduced utility and fuel expenditures (\$41,023), reduced spending for hiring and training (\$24,445), and reduced small equipment, supplies for radio and legal services (\$44,665);
- Capital outlay appropriations were under spent by \$98,903 due primarily to reduced spending on radio site HVAC systems (\$28,781), a trailer mounted generator assembly was damaged in shipment and did not arrive by close of the year (\$22,000), reduced spending on completion of the call taking pod on the dispatch floor (\$21,513), and reduced spending on the site trunking redundancy system for the zone controller (\$26,609).
- Contingency ended the fiscal year with \$1,640,404 in unspent appropriations.

For the above reasons and other, the ending fund balance of the General Fund exceeded the final budget by \$2,597,211.

Capital Assets

The Agency's investment in capital assets includes leasehold improvements, vehicles, furniture, fixtures, equipment, and work in progress. As of June 30, 2012, the Agency had invested \$8,294,363 in capital assets, net of depreciation, as shown in the following table:

Washington County Consolidated Communications Agency
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2012

Capital Assets, continued

Capital assets (net of depreciation)	Governmental Activities		Increase (Decrease) from 2011
	2012	2011	
Leasehold improvements	\$ 2,044,605	\$ 2,182,167	\$ (137,562)
Vehicles	13,712	30,344	(16,632)
Furniture, fixtures and equipment	6,016,497	7,141,596	(1,125,099)
Construction in progress	219,549	58,616	160,933
Total capital assets, net of depreciation	<u>\$ 8,294,363</u>	<u>\$ 9,412,723</u>	<u>\$ (1,118,360)</u>

During the year, the Agency's investment in capital assets decreased by \$1,118,360 mainly due to depreciation expense.

Additional information on the Agency's capital assets can be found in Footnote III. B on page 38 of this report.

Economic Factors; Next Year's Budget and Participating Governments 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 64 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;
- 9-1-1 revenues were effectively flat for the fiscal year compared to the prior year after having declined in two previous years. While these revenues historically correlated closely to the rate of population growth, the recent decline in this revenue source may be attributed to a slowing growth in population and the increasing trend to pre-paid wireless voice devices/cell phones 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 its partners. Commitment to quality dispatching services by the partners, and commitment to economy, efficiency and cost effectiveness by the Agency have both been demonstrated.

An annual financial planning process is conducted before the Board at their direction. While the plan necessarily requires consideration of the financial stresses of the partners, it also addresses the upward pressures on program expenses of the Agency. For partners and the Agency alike, the Public Employees Retirement System employer rates continue to increase over time. Increases to health insurance premiums also add to the financial pressure. Health insurance costs increased over the prior year and increases are expected to continue into the future.

The 9-1-1 telephone excise tax revenue has declined and flattened in the recent years. 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 the near term years, while a long term capital plan is developed and a funding source implemented.

Washington County Consolidated Communications Agency
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2012

Economic Factors; Next Year's Budget and Participating Governments Rates (Continued)

For the fiscal year 2012-13, the budget implements a 3 percent increase in member/partner rates. The financial planning process has become dynamic, with the annual financial forecasts subject to change by direction of the Board.

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.

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Basic Financial Statements

Washington County Consolidated Communications Agency
Statement of Net Assets
June 30, 2012

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,558,077
Receivables (net of allowance for uncollectibles):	
9-1-1 taxes receivable	1,308,360
Accounts and deposit receivable	2,343,352
Inventory	31,000
Capital assets not being depreciated:	
Construction in progress	219,549
Capital assets, net of accumulated depreciation:	
Leasehold improvements	2,044,605
Vehicles	13,712
Furniture, fixtures, and equipment	6,016,497
Total assets	15,535,152
LIABILITIES	
Accounts payable	135,369
Accrued salaries and benefits payable	392,493
Accrued compensated absences	643,727
Unearned revenue	2,123,439
Total liabilities	3,295,028
NET ASSETS	
Invested in capital assets	8,294,363
Restricted for capital acquisitions	526,393
Unrestricted	3,419,368
Total net assets	\$ 12,240,124

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

Washington County Consolidated Communications Agency
Statement of Activities
For the Year Ended June 30, 2012

	Governmental Activities
Expenses:	
Public safety - dispatch service	\$ 13,301,959
Total program expenses	13,301,959
Program revenues:	
Charges for services	8,356,790
Operating grants and contributions	3,500
Capital grants and contributions	752,641
Total program revenues	9,112,931
Net program expenses	(4,189,028)
General revenues:	
9-1-1 taxes	2,587,085
Investment earnings	20,561
Miscellaneous	208,149
Total general revenues	2,815,795
Change in net assets	(1,373,233)
Net assets, July 1, 2011	13,613,357
Net assets, June 30, 2012	\$ 12,240,124

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

Washington County Consolidated Communications Agency
 Balance Sheet
 Governmental Funds
 June 30, 2012

	General Fund	Capital Equipment Replacement Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,055,288	\$ 502,789	\$ 3,558,077
Receivables:			
9-1-1 taxes receivable	1,308,360	-	1,308,360
Accounts receivable (net of allowance for uncollectibles)	2,297,767	30,741	2,328,508
Deposit on construction site	14,844	-	14,844
Total assets	<u>\$ 6,676,259</u>	<u>\$ 533,530</u>	<u>\$ 7,209,789</u>
LIABILITIES			
Accounts payable	\$ 128,232	\$ 7,137	\$ 135,369
Accrued salaries and benefits payable	392,493	-	392,493
Deferred revenue	2,955,315	-	2,955,315
Total liabilities	<u>3,476,040</u>	<u>7,137</u>	<u>3,483,177</u>
FUND BALANCES			
Restricted for capital acquisitions	-	526,393	526,393
Unassigned	3,200,219	-	3,200,219
Total fund balances	<u>3,200,219</u>	<u>526,393</u>	<u>3,726,612</u>
 Total liabilities and fund balance	 <u>\$ 6,676,259</u>	 <u>\$ 533,530</u>	 <u>\$ 7,209,789</u>

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

Washington County Consolidated Communications Agency
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Assets
 June 30, 2012

Total fund balances		\$ 3,726,612
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Cost	\$ 14,675,991	
Accumulated depreciation	<u>(6,381,628)</u>	8,294,363
Contributed inventory is not reported in governmental funds.		31,000
A portion of the accounts receivable are collected after year-end but are not available soon enough to pay for current period expenditures, and therefore are not reported as revenue in governmental funds.		181,876
The fourth quarter of 9-1-1 taxes are receivable at year-end, but are not available soon enough to pay for the current period expenditures and therefore are not reported as revenue in the governmental funds.		650,000
The amount of compensated absences liability that will not be paid from resources of the current period is not reported as a fund liability of governmental funds.		(643,727)
Total net assets		<u><u>\$ 12,240,124</u></u>

The notes to 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, 2012

	General Fund	Capital Equipment Replacement Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 2,605,085	\$ -	\$ 2,605,085
Investment earnings	19,127	1,434	20,561
Charges for services	8,356,789	-	8,356,789
Intergovernmental	-	655,741	655,741
Miscellaneous	177,408	-	177,408
Total revenues	<u>11,158,409</u>	<u>657,175</u>	<u>11,815,584</u>
EXPENDITURES			
Personnel services	9,501,504	-	9,501,504
Materials and services	1,593,773	-	1,593,773
Capital outlay	198,197	651,724	849,921
Total expenditures	<u>11,293,474</u>	<u>651,724</u>	<u>11,945,198</u>
Excess (deficiency) of revenues over expenditures	<u>(135,065)</u>	<u>5,451</u>	<u>(129,614)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	378,593	220,500	599,093
Transfers out	<u>(599,093)</u>	<u>-</u>	<u>(599,093)</u>
Total other financing sources (uses)	<u>(220,500)</u>	<u>220,500</u>	<u>-</u>
Net change in fund balances	<u>(355,565)</u>	<u>225,951</u>	<u>(129,614)</u>
Fund balances, July 1, 2011	<u>3,555,784</u>	<u>300,442</u>	<u>3,856,226</u>
Fund balances, June 30, 2012	<u><u>\$ 3,200,219</u></u>	<u><u>\$ 526,393</u></u>	<u><u>\$ 3,726,612</u></u>

The notes to 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, 2012

Net change in fund balances	\$ (129,614)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$1,567,885) exceeded outlays for capital acquisitions in the current period (\$334,963).	(1,232,921)
Contributed assets are not recognized as revenue in governmental funds.	127,641
Contributed inventory is not recognized as revenue in governmental funds.	3,500
The loss on retired assets is not reported as an expenditure in governmental funds.	(26,079)
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 and decreased from the prior year.	(18,000)
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>(97,760)</u>
Change in net assets	<u><u>\$ (1,373,233)</u></u>

The notes to 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, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Taxes	\$ 2,620,000	\$ 2,605,085	\$ (14,915)
Investment earnings	13,400	19,127	5,727
Charges for services	8,355,143	8,356,789	1,646
Miscellaneous	300,925	177,408	(123,517)
Total revenues	<u>11,289,468</u>	<u>11,158,409</u>	<u>(131,059)</u>
EXPENDITURES			
Personal services	10,113,782	9,501,504	612,278
Materials and services	1,902,013	1,593,773	308,240
Capital outlay	297,100	198,197	98,903
Operating contingency	1,640,404	-	1,640,404
Total expenditures	<u>13,953,299</u>	<u>11,293,474</u>	<u>2,659,825</u>
Excess (deficiency) of revenues over expenditures	<u>(2,663,831)</u>	<u>(135,065)</u>	<u>2,528,766</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	381,138	378,593	(2,545)
Transfers out	<u>(220,500)</u>	<u>(220,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>160,638</u>	<u>158,093</u>	<u>(2,545)</u>
Net change in fund balances	<u>(2,503,193)</u>	<u>23,028</u>	<u>2,526,221</u>
Fund balances, July 1, 2011	<u>3,106,201</u>	<u>3,177,191</u>	<u>70,990</u>
Fund balances, June 30, 2012	<u>\$ 603,008</u>	<u>\$ 3,200,219</u>	<u>\$ 2,597,211</u>

The notes to 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, 2012

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 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 the Agency has purchased, or to which it has taken legal title, 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. Any 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 of 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 (Continued)
For the Year Ended June 30, 2012

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 therefore have 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 *Capital Equipment Replacement Fund*, a capital projects fund type, accounts for the restricted revenue of the shared local option levy tax funds accumulated to replace Agency equipment. The Agency has made a qualitative decision to report this fund as a major fund.

D. Assets, liabilities, and net assets/fund balance

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.

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2012

I. Summary of significant accounting policies, continued

D. Assets, liabilities, and net assets/fund balance, continued

2. Receivables

Receivables for 9-1-1 call taking, dispatch and maintenance services are shown net of any allowance for uncollectible accounts. The allowance for uncollectible accounts is based on the type and age of the individual receivables considering the length of time they are past due and historical collection experience. 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

5. Compensated absences

Vacation

The Agency's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separations from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave

Accumulated sick leave lapses when employees leave the employment of the Agency and, upon separation from service, no monetary obligation exists.

E. Participation fees

The Agency generally charges the participating governments of the Intergovernmental Agreement an amount sufficient to cover budgeted expenditures less anticipated revenues from other sources. The Board of Commissioners sets the participating governments' fees for the ensuing fiscal year in its annual long range financial planning meeting each September.

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2012

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 personnel 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. One such resolution was enacted during the year ended June 30, 2012. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution.

Budgets may be modified by resolution of the Board of Commissioners transferring appropriation between categories. One such resolution was enacted during the year ended June 30, 2012. Appropriations lapse at fiscal year end.

For the current fiscal year, a budget was adopted for the Facilities Maintenance Fund which had previously been maintained by the Agency prior to implementing GASB 54. This fund's budget as adopted by the Board of Commissioners is presented as Supplementary Information. This fund is now properly combined with the General Fund under GASB 54 and a combining statement of revenues, expenditures and changes in fund balances is included in Supplementary Information to show the former Facilities Maintenance Fund amounts being combined with the General Fund.

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, 2012, were comprised of the following:

Deposits with financial institutions	\$ 428,052
Oregon Local Government Investment Pool	3,130,025
Total pooled cash and investments	<u>\$ 3,558,077</u>

1. Deposits with financial institutions

Deposits with financial institutions are bank demand deposits. The total carrying amount of deposits at June 30, 2012, was \$428,052. The total bank balance per the bank statement was \$591,678 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 (Continued)
For the Year Ended June 30, 2012

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, 2012.

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, 2012.

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, 2012.

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, 2012, the Agency did not have any investments exposed to custodial credit risk.

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2012

III. Detailed notes on all funds, continued

B. Capital assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Balance June 30, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2012</u>
Governmental activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 58,616	\$ 213,775	\$ -	\$ (52,842)	\$ 219,549
Total capital assets, not being depreciated	<u>58,616</u>	<u>213,775</u>	<u>-</u>	<u>(52,842)</u>	<u>219,549</u>
Capital assets, being depreciated:					
Leasehold improvements	2,629,550	16,279	-	-	2,645,829
Vehicles	173,340	-	-	-	173,340
Furniture, fixtures and equipment	12,364,578	245,550	(1,025,697)	52,842	11,637,273
Total capital assets, being depreciated	<u>15,167,468</u>	<u>261,829</u>	<u>(1,025,697)</u>	<u>52,842</u>	<u>14,456,442</u>
Less accumulated depreciation for:					
Leasehold improvements	(447,383)	(153,841)	-	-	(601,224)
Vehicles	(142,996)	(16,632)	-	-	(159,628)
Furniture, fixtures and equipment	(5,222,982)	(1,397,412)	999,618	-	(5,620,776)
Total accumulated depreciation	<u>(5,813,361)</u>	<u>(1,567,885)</u>	<u>999,618</u>	<u>-</u>	<u>(6,381,628)</u>
 Total capital assets being depreciated, net	 <u>9,354,107</u>	 <u>(1,306,056)</u>	 <u>(26,079)</u>	 <u>52,842</u>	 <u>8,074,814</u>
 Total capital assets, net of depreciation	 <u>\$ 9,412,723</u>	 <u>\$ (1,092,281)</u>	 <u>\$ (26,079)</u>	 <u>-</u>	 <u>\$ 8,294,363</u>

Depreciation expense in the amount of \$1,567,885 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 or other contract. The building which houses the Agency and the radio system's central electronic controller are the only two assets of this type.

C. Interfund receivables, payables, and transfers

There were no interfund receivables and payables as of June 30, 2012. Interfund transfers for the year ended June 30, 2012 are as follows:

Transfers in:	
Capital Equipment Replacement Fund	\$ 220,500
General Fund	378,593
	<u>\$ 599,093</u>
Transfers out:	
General Fund	<u>\$ 599,093</u>

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2012

III. Detailed notes on all funds, continued

C. Interfund receivables, payables, and transfers, continued

Transfers are generally used to move unrestricted General Fund revenues to finance activities accounted for in other funds in accordance with board adopted budgetary authorizations. During the year, the Agency made transfers from the General Fund to the Capital Equipment Replacement Fund to fund future zone controller payments under an IGA with Washington County, Oregon.

D. Compensated absences

Compensated absences activity for the year ended June 30, 2012, was as follows:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2012</u>
Governmental activities:				
Compensated absences	\$ 545,967	\$ 973,720	\$ 875,960	\$ 643,727

The balance is liquidated by the General Fund generally within one 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

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2012

IV. Other information, continued

C. Participation in Public Employees' Retirement System, continued

1. Plan Description, continued

administered under Oregon Revised Statutes (ORS) Chapter 238 and 238A. ORS 238.620 established the Public Employees' Retirement Board as the governing body of PERS which has the authority to amend contribution rates. The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature. PERS issues a publicly available financial report that includes financial and required supplemental information. That report may be obtained by writing to PERS, PO Box 23700, Tigard, Oregon 97281-3700 or by calling 1-503-598-7377.

2. Funding Policy

In 2003, the State Legislature created a new Oregon Public Service Retirement Plan (OPSRP) for employees hired on or after August 29, 2003. Employees hired prior to August 29, 2003 continue to participate in the former PERS plan. For the fiscal year ended June 30, 2012, the Agency was required to contribute at an actuarially determined rate of 13.24% for covered employees' salaries to the existing PERS plan and 11.37% to the newer OPSRP plan. With few exceptions, employees of the Agency are classified by PERS as general service employees.

In accordance with the collective bargaining agreement adopted September, 2010, the Agency has elected to contribute the required employee contribution of 6% of covered salaries, effective January 1, 2011. The Agency contributed \$366,673 for the employees' required 6% of salary contribution during the fiscal year ended June 30, 2012. As of June 30, 2012, the Agency's annual pension cost exclusive of the amount of the 6% of salary employee portion above was \$809,850.

Effective January 1, 2004, the employee's 6% of salary portion 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, 2012, the Agency's required and actual contribution was \$809,850 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, 2012 was determined as part of a December 31, 2009, 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 2012 and the two preceding years were as follows:

Year Ended June 30,	Required Contributions	Percentage of Required Contributions Made	Net Pension Obligation
2012	\$ 809,850	100%	\$ -
2011	562,660	100%	-
2010	566,776	100%	-

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2012

IV. Other information, continued

C. Participation in Public Employees' Retirement System, continued

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.

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 the 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 0.59% of annual covered Tier 1 and Tier 2 payroll and 0.50% of OPSRP payroll. The OPERS Board of Trustees sets the employer contribution rates based 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, if 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.

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2012

IV. Other information, continued

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>
2013	\$ 22,000
2014	22,000
2015	13,000
2016	13,000
Thereafter	-
	<u>\$ 70,000</u>

The expense for both cancellable and non-cancellable operating leases for the year ended June 30, 2012 was approximately \$51,000.

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:

<u>Participants</u>	<u>9-1-1 Excise</u>	<u>Charges for Services</u>			<u>Total Taxes and Charges</u>
	<u>Taxes</u>	<u>Fees</u>	<u>Maintenance</u>	<u>Total</u>	
Washington County	\$ 1,048,182	\$ 1,904,485	\$ 10,106	\$ 1,914,591	\$ 2,962,773
City of Hillsboro	446,658	1,469,702	9,387	1,479,089	1,925,747
City of Beaverton	439,076	1,077,303	6,376	1,083,679	1,522,755
Tualatin Valley Fire and Rescue	-	1,515,372	2,579	1,517,951	1,517,951
City of Tigard	234,105	546,984	3,037	550,021	784,126
city of Tualatin	126,648	300,832	2,041	302,873	429,521
City of Forest Grove	102,957	325,589	1,407	326,996	429,953
City of Sherwood	88,523	194,424	1,645	196,069	284,592
City of Cornelius	57,752	134,950	2,386	137,336	195,088
Washington County Fire Dist. No 2	-	57,144	1,639	58,783	58,783
City of King City	15,178	18,872	362	19,234	34,412
City of Gaston	3,092	23,324	33	23,357	26,449
City of North Plains	9,680	11,368	709	12,077	21,757
Banks Fire District No. 13	-	26,184	130	26,314	26,314
City of Durham	6,587	12,052	-	12,052	18,639
City of Banks	8,647	6,556	-	6,556	15,203
Subtotal related party transactions		7,625,141	41,837	7,666,978	10,254,063
Other: non-related parties:					
Clackamas County 800 Radio Group		437,743	43,883	481,626	481,626
Subtotal principle contract payers		8,062,884	85,720	8,148,604	10,735,689
Miscellaneous other contracts		184,592	23,594	208,186	208,186
Total	<u>\$ 2,587,085</u>	<u>\$ 8,247,476</u>	<u>\$ 109,314</u>	<u>\$ 8,356,790</u>	<u>\$ 10,943,875</u>

Washington County Consolidated Communications Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2012

III. Other information, continued

E. Related party transactions, continued

As of June 30, 2012, the Agency owes Tualatin Valley Fire and Rescue \$19,141 for re-banding project work for which the Agency will be reimbursed by a third party.

The Agency has a lease agreement with Washington County for the central dispatch facility. The lease requires payment of one dollar per year and renews automatically unless one of the parties takes action to terminate it.

F. Commitments

The Agency entered into an intergovernmental agreement effective March 22, 2012, with Washington County, Oregon (the County) to provide funding to Washington County for the purchase and installation of a new zone controller. The County entered into on behalf of the Agency and C800 a seven year equipment lease purchase agreement with Motorola Solutions Credit Company LLC.

The annual expected payments to the County are as follows:

Year Ending June 30,	
2013	\$ 158,445
2014	161,597
2015	164,811
2016	168,089
2017	171,432
2018-2019	<u>353,110</u>
	<u>\$ 1,177,484</u>

Supplementary Information

Major Governmental Fund

Capital Projects Fund

Capital Equipment Replacement Fund – accounts for the restricted revenue of the shared local option levy tax funds accumulated to replace Agency equipment.

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ 1,562	\$ 1,562	\$ 1,434	\$ (128)
Intergovernmental revenue	125,000	823,000	655,741	(167,259)
Total revenues	<u>126,562</u>	<u>824,562</u>	<u>657,175</u>	<u>(167,387)</u>
EXPENDITURES				
Capital outlay	180,000	951,000	651,724	299,276
Operating contingency	465,992	392,992	-	392,992
Total expenditures	<u>645,992</u>	<u>1,343,992</u>	<u>651,724</u>	<u>692,268</u>
Excess (deficiency) of revenues over expenditures	(519,430)	(519,430)	5,451	524,881
OTHER FINANCING SOURCES				
Transfers in	<u>220,500</u>	<u>220,500</u>	<u>220,500</u>	<u>-</u>
Net change in fund balances	(298,930)	(298,930)	225,951	524,881
Fund balances, July 1, 2011	<u>298,930</u>	<u>298,930</u>	<u>300,442</u>	<u>1,512</u>
Fund balances, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 526,393</u>	<u>\$ 526,393</u>

Governmental Fund

Special Revenue Fund

Facility Maintenance Fund – this fund is presented as adopted by the Board, having been used to account for the accumulation of resources for capital improvements and emergency repairs to the Agency's facilities.

With the implementation of GASB 54, this fund is combined with the General Fund. Two combining statements are presented to facilitate the reader.

This fund was closed in the current period.

Washington County Consolidated Communications Agency
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2012

	<u>Actual Amounts General Fund</u>	<u>Actual Amounts Facilities Maintenance Fund</u>	<u>Total Actual Amounts General Fund</u>
REVENUES			
Taxes	\$ 2,605,085	\$ -	\$ 2,605,085
Investment earnings	19,127	-	19,127
Charges for services	8,356,789	-	8,356,789
Miscellaneous	177,408	-	177,408
Total revenues	<u>11,158,409</u>	<u>-</u>	<u>11,158,409</u>
EXPENDITURES			
Personal services	9,501,504	-	9,501,504
Materials and services	1,593,773	-	1,593,773
Capital outlay	198,197	-	198,197
Total expenditures	<u>11,293,474</u>	<u>-</u>	<u>11,293,474</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(135,065)</u>	<u>-</u>	<u>(135,065)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	378,593	-	378,593
Transfers out	<u>(220,500)</u>	<u>(378,593)</u>	<u>(599,093)</u>
Total other financing sources (uses)	<u>158,093</u>	<u>(378,593)</u>	<u>(220,500)</u>
Net change in fund balances	<u>23,028</u>	<u>(378,593)</u>	<u>(355,565)</u>
Fund balances, July 1, 2011	<u>3,177,191</u>	<u>378,593</u>	<u>3,555,784</u>
Fund balances, June 30, 2012	<u>\$ 3,200,219</u>	<u>\$ -</u>	<u>\$ 3,200,219</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, 2012

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
OTHER FINANCING USE			
Transfers out	<u>\$ (381,138)</u>	<u>\$ (378,593)</u>	<u>\$ 2,545</u>
Net change in fund balances	<u>(381,138)</u>	<u>(378,593)</u>	<u>2,545</u>
Fund balances, July 1, 2011	381,138	378,593	(2,545)
Fund balances, June 30, 2012	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></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	51-54
These schedules contain trend information to help the reader understand how the Agency's financial performance and well-being have changed over time. Nine years of data are reported here as it was within that time frame that the Agency implemented GASB 34.	
Revenue Capacity	55
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	56-58
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	59-60
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 Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2004	2005	2006	2007	2008	Restated 2009	2010	2011	2012
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	\$ 9,412,723	\$ 8,294,363
Restricted	2,421,174	2,393,959	3,233,634	2,237,105	1,345,594	-	-	300,442	526,393
Unrestricted	2,309,195	2,735,153	3,451,936	4,174,657	5,815,017	5,509,848	4,725,832	3,900,192	3,419,368
Total primary government net assets	<u>\$ 8,882,164</u>	<u>\$ 11,802,201</u>	<u>\$ 14,029,265</u>	<u>\$ 14,486,579</u>	<u>\$ 16,257,798</u>	<u>\$ 17,035,495</u>	<u>\$ 14,963,913</u>	<u>\$ 13,613,357</u>	<u>\$ 12,240,124</u>

Notes:

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

(2) Nine 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 Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2004	2005	2006	2007	2008	Restated 2009	2010	2011	2012
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	\$ 12,366,711	\$ 13,301,959
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>	<u>12,366,711</u>	<u>13,301,959</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	7,737,346	8,356,790
Operating grants and contributions	134,517	790,774	129,827	208,614	370,000	-	24,077	500	3,500
Capital grants and contributions	1,510,264	1,510,264	1,510,264	257,164	269,545	1,358,021	125,000	125,000	752,641
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>	<u>7,862,846</u>	<u>9,112,931</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>	<u>(4,503,865)</u>	<u>(4,189,028)</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	2,674,076	2,587,085
Investment earnings	80,683	102,825	231,176	316,355	271,251	111,906	31,557	22,632	20,561
Miscellaneous	54,894	30,038	55,949	35,750	175,823	80,943	275,237	456,601	208,149
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>	<u>3,153,309</u>	<u>2,815,795</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>	<u>\$ (1,350,556)</u>	<u>\$ (1,373,233)</u>

Notes:

(1) Years prior to 2009 were not adjusted for a restatement.

(2) Nine 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 Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	Restated 2010	2011	2012
GENERAL FUND									
Unassigned	\$ 1,702,637	\$ 2,293,812	\$ 2,823,838	\$ 3,559,737	\$ 4,078,647	\$ 2,933,207	\$ 3,381,651	\$ 3,555,784	\$ 3,200,219
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>\$ 3,381,651</u>	<u>\$ 3,555,784</u>	<u>\$ 3,200,219</u>
ALL OTHER GOVERNMENTAL FUNDS									
Restricted, reported in:									
Capital projects fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 326,029	\$ 300,442	\$ 526,393
Assigned, reported in:									
Special revenue funds	826,568	745,137	826,666	944,734	1,206,643	869,238	-	-	-
Capital projects fund	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>\$ 935,113</u>	<u>\$ 300,442</u>	<u>\$ 526,393</u>

(1) With the implementation of GASB 54 in 2011, the categories of fund balances are shown under new definitions. Over time, all fund balances will be reported under the new fund balance categories.

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

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES									
Taxes	\$ 2,179,044	\$ 2,258,983	\$ 2,332,940	\$ 2,655,493	\$ 3,177,816	\$ 2,648,301	\$ 2,752,801	\$ 2,708,898	\$ 2,605,085
Intergovernmental	-	1,510,264	1,510,264	-	125,000	125,000	125,000	125,000	655,741
Investment earnings	80,683	102,825	231,176	316,354	271,251	111,905	31,557	22,632	20,561
Charges for services	5,328,466	5,656,359	5,926,018	6,257,914	6,363,994	6,349,909	7,015,143	7,737,346	8,356,789
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	307,694	177,408
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>	<u>10,901,570</u>	<u>11,815,584</u>
EXPENDITURES									
Public safety	6,705,450	7,128,202	7,725,788	8,187,618	8,862,004	9,262,505	9,790,478	10,447,067	11,095,277
Capital outlay	2,938,057	2,738,932	990,332	1,429,656	1,503,495	2,831,738	851,590	915,041	849,921
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>	<u>11,362,108</u>	<u>11,945,198</u>
Excess (deficiency) of revenues over 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>	<u>(460,538)</u>	<u>(129,614)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	809,562	809,562	221,176	209,866	540,000	1,000,000	213,155	95,028	599,093
Transfers out	(809,562)	(809,562)	(221,176)	(209,866)	(540,000)	(1,000,000)	(213,155)	(95,028)	(599,093)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<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>	<u>\$ (460,538)</u>	<u>\$ (129,614)</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	C800 Radio Group
2012	\$ 8,148,604	\$ 1,914,591	\$ 1,517,951	\$ 1,479,089	\$ 1,083,679	\$ 550,021	\$ 326,996	\$ 302,873	\$ 196,069	\$ 137,336	\$ 58,783	\$ 32,870	\$ 23,357	\$ 19,234	\$ 12,052	\$ 12,077	\$ 481,626
2011	7,561,099	1,746,085	1,387,626	1,349,420	983,774	498,398	289,104	274,253	177,638	129,982	55,546	32,022	22,760	18,323	11,670	11,507	572,991
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	<u>Misc Other</u> 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

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

Note: The three most recent years exclude miscellaneous other contracts in favor of reporting one 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⁾	Unemployment Rate (%) (Washington County) ⁽²⁾
2012	(A)	(A)	(A)	7.1 %
2011	536,370	(A)	(A)	7.6
2010	532,620	(A)	(A)	9.1
2009	527,140	\$ 41,000	\$ 21,186,000	10.2
2008	519,925	39,000	19,945,000	4.7
2007	511,075	37,000	18,909,775	4.4
2006	500,585	35,000	17,520,475	4.5
2005	489,785	34,000	16,652,690	5.8
2004	480,200	33,000	15,846,600	6.5
2003	472,600	32,000	15,123,200	7.0

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

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

Sources: Estimated information provided by:

- ⁽¹⁾ Portland State University Population Research Center as of July 1st of each year.
- ⁽²⁾ State of Oregon Employment Department as of June 30th of each year.
- ⁽³⁾ Washington County Support Services Department, Finance Division

Washington County Consolidated Communications Agency
Major Employment Sectors
Current Year and Eight Years Ago

	As of June, 2012		As of June, 2004	
	Total	% of Total	Total	% of Total
For Washington County, Oregon:				
Private:				
Mining and logging	300	0%	500	0%
Construction	12,600	5%	13,800	6%
Manufacturing	44,600	18%	45,600	20%
Durable goods	39,400		39,100	
Computer and electronic product manufacturing	27,400		26,100	
Other	12,000		13,000	
Nondurable goods	5,200		6,500	
Trade, transportation, and utilities	48,900	20%	47,200	21%
Wholesale Trade	17,200		16,500	
Retail trade	28,200		26,500	
Transportation, warehousing, utilities	3,500		4,200	
Information (publishing, broadcasting, other)	7,800	3%	6,800	3%
Financial activities	15,200	6%	14,600	6%
Professional and business services	38,000	15%	30,900	14%
Professional and technical services	12,500		9,200	
Management of companies; enterprises	5,700		4,200	
Administrative and waste services	19,800		17,500	
Educational and health services	30,500	12%	21,900	10%
Leisure and hospitality	20,900	8%	18,400	8%
Other services	7,300	3%	7,200	3%
Government:				
Federal government	700	0%	800	0%
State government	2,600	1%	2,600	1%
Local government	20,000	8%	17,200	8%
Local education	12,400		10,200	
Local government excluding educational services	7,600		7,000	
 Total nonfarm employment	249,400	100%	227,500	100%

Source: State of Oregon Employment Department, Oregon Labor Market Information System

Note: Information prior to 2004 is not available.

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Dispatchers	53.0	54.0	62.5	59.0	58.5	66.5	66.5	66.5	66.5	66.5
Operations Supervisors	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0
Computer/Resource Support	1.0	1.0	2.0	2.0	2.0	3.0	-	-	-	-
Technical Support	5.0	6.0	6.0	6.0	6.5	7.0	-	-	-	-
Logistics	-	-	-	-	-	-	11.0	11.0	11.9	11.9
Performance Management	-	-	-	-	-	-	3.0	3.0	4.4	4.4
Administration and other	7.9	7.0	7.0	7.4	7.4	7.4	7.4	7.4	6.0	6.0
Total	71.9	73.0	82.5	79.4	79.4	88.9	93.9	93.9	94.8	94.8

Washington County Consolidated Communications Agency

Operating Indicators by Function

Last Ten Fiscal Years

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety - dispatch service:										
9-1-1 calls	189,510	175,493	181,643	170,177	148,210	148,705	141,974	129,893	122,197	133,682
7-digit in calls	246,110	248,020	252,337	246,991	213,815	208,478	290,495	199,241	169,218	240,158

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety: Equipment:										
Communications Network	2	2	2	2	2	2	3	3	3	3
Radio Towers	6	6	6	6	6	6	13	13	13	13
Radios, mobile and portable	3,953	5,713	6,110	6,430	6,866	7,310	7,647	6,908	7,995	7,735

**Independent Auditor's Report
Required by Oregon State Regulations**

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

September 25, 2012

Board of Directors
Washington County Consolidated Communications Agency
Beaverton, Oregon

We have audited the financial statements of the governmental activities, and each major fund of the Washington County Consolidated Communication Agency, Oregon (the Agency), as of and for the year ended June 30, 2012, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated September 25, 2012. 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, contracts, and grants, 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, which included, but were 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.
- Programs funded from outside sources.
- 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, contracts, and grants, 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*.

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS (Continued)**

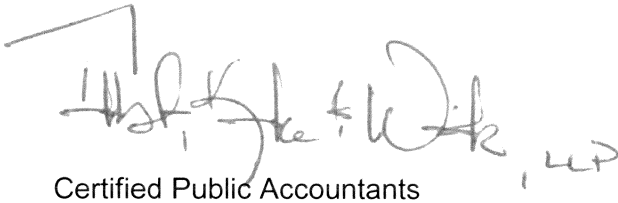
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OAR 162-10-230 INTERNAL CONTROL

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 opinion 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 Commissioners, 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.



Certified Public Accountants