

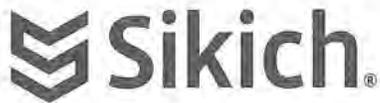
**DEKALB COUNTY EMERGENCY
TELEPHONE SYSTEM BOARD
SYCAMORE, ILLINOIS**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended
December 31, 2014

DEKALB COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
SYCAMORE, ILLINOIS
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Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable President
Members of the Board of Trustees
Village of Barrington Hills, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Barrington Hills, Illinois (the Village), as of and for the year ended December 31, 2014, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

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

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

Opinions

In our opinion, the basic 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 DeKalb County Emergency Telephone System Board, Sycamore, Illinois as of December 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and certain budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ETSB's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Naperville, Illinois
March 13, 2015

A handwritten signature in black ink, appearing to read "Bill 22P", is located in the bottom right corner of the page.

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

Management's Discussion and Analysis

As management of the 911 Emergency Telephone Services Board (ETSB) of DeKalb County, we offer readers of the 911 ETSB of DeKalb County's financial statements this narrative overview and analysis of the financial activities of the 911 ETSB of DeKalb County for the fiscal year ended December 31, 2014.

Financial Highlights

The assets of the 911 ETSB of DeKalb County exceeded its liabilities at the close of the fiscal year by \$2,177,267 (net position). Of this amount, \$1,551,979 in unrestricted net position may be used to meet the Board's ongoing obligations.

The Board's total net position increased over the previous year by \$5,125. This was due to increased revenues in the wireless surcharge, and expenditures that came in under budget.

The Board did not make a contribution to the Capital Fund this year.

As of the close of fiscal year 2014, the Board's governmental funds reported an ending fund balance of \$2,096,974, an increase of \$29,605 in comparison to the prior year. This is due, again, to increased wireless fee revenues and expenditures that were less than the budgeted amount.

At the end of the 2014 fiscal year, the unrestricted fund balance was \$1,551,979 of which \$883,530 was assigned for capital outlay and \$668,449 was unassigned in the General Fund. This figure is higher than the prior year as revenues exceeded expenditures in the General Fund. The current unassigned fund balance of \$668,449 is 288% of the total general fund expenditures of \$232,429.

The DeKalb County 911 ETSB has no outstanding debt.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the 911 ETSB of DeKalb County's basic financial statements. Those statements have six components: 1) a statement of net position; 2) a statement of activities; 3) a balance sheet; 4) statement of revenues, expenditures and changes in fund balance; 5) notes to the financial statements; 6) required supplementary information. This report also contains other supplementary information.

Government-wide financial statements. These are designed to provide readers with a broad overview of the 911 ETSB of DeKalb County's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the 911 ETSB of DeKalb County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of improvements or deterioration of the financial position of the Board.

The Statement of Activities presents information showing how the Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

The financial statements highlight functions of the 911 ETSB of DeKalb County that are principally supported by the 911 surcharge, wireless fees, and investment income (governmental activities). The governmental activities of the ETSB 911 of DeKalb County provide for public safety through the operation and maintenance of the 911 Emergency Telephone Systems for DeKalb County. There are no business-type activities conducted by the 911 ETSB.

The 911 ETSB of DeKalb County is considered to be a primary government. The government-wide financial statements include only the 911 ETSB of DeKalb County. There are no component units.

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 911 ETSB of DeKalb County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), and the acquisition or construction of capital assets (capital project funds). The funds of the 911 ETSB can be classified as governmental funds only. The General Fund is used to account for all of the Board's activities not accounted for in some other fund.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the 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 911 ETSB of DeKalb County maintains three governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. This includes the general fund, wireless fund and capital fund.

The 911 ETSB of DeKalb County adopts an annual appropriation/budget for its general, wireless and capital funds. A budgetary comparison statement has been provided for all three funds to demonstrate compliance with these budgets.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes to the financial statements can be found beginning on page 7 of this report.

Other information. A statement of revenues, expenditures and changes in fund balance can be found on page 6, as well as a budget vs. actual comparison that can be found on pages 13-14 and 16. Additional notes to the required supplementary information can be found on page 15.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Board's financial position. In the case of the 911 ETSB, assets exceeded liabilities by \$2,177,267 at the close of fiscal year 2014.

By far the largest portion of the 911 ETSB net position, 87 percent, reflects its cash and investments, with the balance being accounts receivable and capital assets. The 911 ETSB of DeKalb County uses these cash assets to provide on-going services to citizens. The Board is responsible for providing vital public safety services that require periodic large expenditures to maintain its 911 dispatching system. In addition the Board makes regular technological upgrades, and funds the day-to-day operations of the County's E911 communications system.

**DEKALB COUNTY 911 ETSB
STATEMENT OF NET POSITION**

	Governmental Activities 2014	Governmental Activities 2013
Current and other Assets	\$2,127,328	\$2,106,210
Capital Assets	\$80,293	\$104,773
Total Assets	\$2,207,621	\$2,210,983
Long-term Liabilities outstanding	-	-
Other Liabilities	\$30,354	\$38,841
Total Liabilities	\$30,354	\$38,841
Net Position:		
Net Investment in Capital Assets	\$80,293	\$104,773
Restricted For Wireless	\$544,995	\$549,460
Unrestricted	\$1,551,979	\$1,517,909
Total Net Position	\$2,177,267	\$2,172,142

At the end of the current fiscal year, the 911 ETSB is able to report positive balances in the net position category.

The Board's total net position increased by \$5,125 during the current fiscal year.

Governmental activities. Governmental activities increased the 911 ETSB net position by \$5,125. Key elements of the overall increase are as follows:

**DEKALB COUNTY 911 ETSB
CHANGES IN NET POSITION**

	Governmental Activities 2014	Governmental Activities 2013
Program Revenues:		
911 Surcharge	\$282,415	\$291,617
Wireless Fees	\$525,557	\$538,232
General Revenues:		
Investment Income	\$7,256	\$1,426
Miscellaneous Income	\$2,939	\$6,950
Total General Revenues	\$818,167	\$838,225
Expenses:		
Public Safety	\$813,042	\$886,937
Total Expenses	\$813,042	\$886,937
Increase/Decrease in net position	\$5,125	(\$66,669)
Net position on December 31, 2013		\$2,172,142
Net position on December 31, 2014	\$2,177,267	

911 surcharge funds decreased during the year due to the number of households who have only cellular service, and those who are using services for which they do not pay 911 surcharges. Since 2008 the state has made an annual one-time distribution of excess wireless funds. In 2014 the state discontinued this practice. They did, however, increase the amount of wireless fees the Board received on a monthly basis, beginning in the month of July, 2014.

Financial Analysis of the Government's Funds

As noted earlier, the 911 ETSB of DeKalb County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the 911 ETSB governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the 911 ETSB governmental funds reported combined ending fund balances of \$2,096,974, an increase of \$29,605 in comparison with the previous fiscal year end.

From that total, wireless funds of \$544,995 are restricted for special use.

The general fund is the primary operating fund of the 911 ETSB. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$668,449. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balances represent 288% of total general fund expenditures.

The wireless fund recognizes revenues and makes expenditures specifically related to wireless 911 fees and services. At the end of the current fiscal year, the fund balance of the wireless fund was \$544,995, which is restricted for wireless purposes. As a measure of the wireless fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 103% of total wireless fund expenditures.

The capital fund is funded from periodic contributions from the general and wireless funds. It is used to fund large purchases of machinery and equipment as well as infrastructure construction. The majority of the balance in this fund is assigned to the construction and implementation of Next Generation 911.

The elected County Treasurer makes investments of the Board's funds. The Treasurer's investment policy has as its first priority the security of the funds invested, followed by liquidity, and yield. The Board's funds were all fully collateralized as of the close of the fiscal year. This collateral is provided by depositories for the Board's deposits that exceed FDIC insurance. This collateral is held by a third party custodial bank in the Board's name, or in a single institution collateral pool.

Budgetary Highlights

The original budgets of the ETSB Board were not amended this fiscal year. There were no transfers from the General and Wireless Funds to the Capital Fund as in past years.

Training costs, due to state mandates, continue to be a large on-going expense.

For FY 2014, \$700,000 was budgeted in order to begin Next Generation 911 implementation. There was a FY14 expense for an RFP for a consultant to design a plan to implement NG 911.

Capital Assets

Capital assets. The 911 ETSB of DeKalb County's investment in capital assets for its governmental activities as of December 31, 2014 totals \$80,293 (net of accumulated depreciation). This investment in capital assets includes machinery and equipment. There was a net decrease in capital assets of \$24,480 in the current fiscal year, due to depreciation.

DeKalb County 911 ETSB Capital Assets
(Net of depreciation)

	Governmental Activities 2014	Governmental Activities 2013
Machinery & Equipment	\$80,293	\$104,773
Total	\$80,293	\$104,773

Additional information on the 911 ETSB of DeKalb County’s capital assets can be found in note 3 of this report.

Economic Factors and Next Fiscal Year’s Budgets

The 911 surcharge will continue to decrease as more citizens forego installing a hard line phone in their homes, have their hard lines removed, and increase their use of devices for which they do not pay surcharges. The state needs to address the issue of devices that have the ability to reach 911 but are not paying surcharges, and to recover the continuing loss of the landline surcharge.

Legislation passed in 2014, which increased the amount of wireless fees the Board receives by .07 per line. However, this legislation eliminated the one-time payments from the state. It also extended the Wireless Act sunset date.

A State Advisory Board, whose membership includes our coordinator, are working on drafting legislation that will identify what types of items that 911 Boards can pay for, as well as attempting to provide a stable source of on-going revenue.

Investment income, impacted by low interest rates, will continue to be an immaterial contributor to overall income.

The Board has, for many years, provided a stipend to each of the fire departments for use in purchasing pagers and/or radio equipment. Given the financial pressures of Next Generation 911 implementation, and the uncertainty in State funding, it is likely that practice will no longer continue past the 2015 budget year.

We anticipate the FY 2015 expenditures will be significant as the implementation of Next Generation 9-1-1 System process continues. In FY 2015, we will make additional contributions to the Capital Fund from both the Wireless and General Funds in preparation of those large anticipated expenditures.

**DEKALB COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
SYCAMORE, ILLINOIS**

STATEMENT OF NET POSITION

December 31, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 1,919,497
Receivables	
Accounts	207,831
Capital assets, net of accumulated depreciation	<u>80,293</u>
Total assets	<u>2,207,621</u>
LIABILITIES	
Accounts payable	<u>30,354</u>
Total liabilities	<u>30,354</u>
NET POSITION	
Net investment in capital assets	80,293
Restricted for wireless	544,995
Unrestricted	<u>1,551,979</u>
TOTAL NET POSITION	<u><u>\$ 2,177,267</u></u>

See accompanying notes to financial statements.

**DEKALB COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
SYCAMORE, ILLINOIS**

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating	Capital	Primary
			Grants and Contributions	Grants and Contributions	Governmental Governmental Activities
PRIMARY GOVERNMENT					
Governmental Activities					
Public safety	\$ 813,042	\$ 807,972	\$ -	\$ -	\$ (5,070)
Total governmental activities	813,042	807,972	-	-	(5,070)
TOTAL PRIMARY GOVERNMENT	\$ 813,042	\$ 807,972	\$ -	\$ -	(5,070)
General Revenues					
					7,256
					2,939
					10,195
					5,125
					2,172,142
					\$ 2,177,267

See accompanying notes to financial statements.

**DEKALB COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
SYCAMORE, ILLINOIS**

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2014

	General	Special Revenue Wireless	Capital Projects Capital	Total Governmental Funds
ASSETS				
Cash and investments	\$ 658,421	\$ 371,570	\$ 889,506	\$ 1,919,497
Receivables				
Accounts	23,824	184,007	-	207,831
TOTAL ASSETS	\$ 682,245	\$ 555,577	\$ 889,506	\$ 2,127,328
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 13,796	\$ 10,582	\$ 5,976	\$ 30,354
Total liabilities	13,796	10,582	5,976	30,354
FUND BALANCES				
Restricted - wireless	-	544,995	-	544,995
Unrestricted				
Assigned - capital outlay	-	-	883,530	883,530
Unassigned	668,449	-	-	668,449
Total fund balances	668,449	544,995	883,530	2,096,974
TOTAL LIABILITIES AND FUND BALANCES	\$ 682,245	\$ 555,577	\$ 889,506	
Reconciliation of fund balances of governmental funds to the governmental activities in the statement of net position				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds				80,293
NET POSITION OF GOVERNMENTAL ACTIVITIES				\$ 2,177,267

See accompanying notes to financial statements.

**DEKALB COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
SYCAMORE, ILLINOIS**

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2014

	General	Special Revenue Wireless	Capital Projects Capital	Total Governmental Funds
REVENUES				
Charges for services	\$ 282,415	\$ -	\$ -	\$ 282,415
Intergovernmental	-	525,557	-	525,557
Investment income	1,219	95	5,942	7,256
Miscellaneous revenue	2,939	-	-	2,939
	<hr/>			
Total revenues	286,573	525,652	5,942	818,167
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EXPENDITURES				
Current				
Public safety				
Personal services	17,760	33,645	-	51,405
Commodities and services	214,669	496,472	-	711,141
Capital outlay	-	-	26,016	26,016
	<hr/>			
Total expenditures	232,429	530,117	26,016	788,562
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NET CHANGE IN FUND BALANCES	54,144	(4,465)	(20,074)	29,605
FUND BALANCES, JANUARY 1, 2014	614,305	549,460	903,604	
	<hr/>			
FUND BALANCES, DECEMBER 31, 2014	\$ 668,449	\$ 544,995	\$ 883,530	
<hr/>				
Reconciliation of the governmental funds statement of revenues, expenditures and changes in fund balances to the governmental activities in the statement of activities				
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds				
Depreciation				(24,480)
	<hr/>			
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES				\$ 5,125
	<hr/>			

See accompanying notes to financial statements.

**DEKALB COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
SYCAMORE, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the DeKalb County Emergency Telephone System Board (the ETSB), Sycamore, Illinois have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the ETSB's accounting policies are described below.

a. Reporting Entity

The ETSB is governed by a Board of Trustees appointed by the DeKalb County Board (the County). The County's accountability does not extend beyond these appointments, and the ETSB is neither fiscally dependent nor financially accountable to the County. Accordingly, the ETSB is considered to be a primary government.

At December 31, 2014, the following governments were participating agencies of the ETSB:

Cortland Fire Department	DeKalb Police Department
DeKalb Fire Department	DeKalb County Sheriff's Department
Earlville Fire Department	Genoa/Kingston Fire Department
Hinckley Fire Department	Kirkland Fire Department
Lee Fire Department	Leland Fire Department
Malta Fire Department	Maple Park Fire Department
NIU Police Department	Paw Paw Fire Department
Sandwich Police Department	Sandwich Fire Department
Shabbona Fire Department	Somonauk Fire Department
Sycamore Police Department	Sycamore Fire Department
Waterman Fire Department	

b. Fund Accounting

The accounts of the ETSB are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

DEKALB COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
SYCAMORE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Governmental funds are used to account for all or most of the government's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds) and the funds committed, restricted or assigned for the acquisition or construction of capital assets (capital projects funds). The general fund is used to account for all activities of the government not accounted for in some other fund.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the ETSB.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The ETSB reports the following major governmental funds:

The General Fund is the ETSB's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The Wireless Fund, a special revenue fund, is used to account for wireless fees restricted by the State of Illinois for expenditures for the design, implementation, operation, maintenance or upgrade of wireless 911 or E-911 services.

The Capital Fund, a capital projects fund, is used to account for revenues assigned by the ETSB for capital purposes and purchases, and for the expenditures of those funds.

DEKALB COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
SYCAMORE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Basis of Accounting

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.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period. A 90-day availability period is used for revenue recognition for all governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Those revenues susceptible to accrual are interest revenue, 911 surcharge and wireless fees.

e. Cash and Investments

Investments with maturity greater than one year at time of purchase, if any, are stated at fair value. Non-negotiable certificates of deposit, if any, are reported at cost.

f. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the ETSB as assets with an initial, individual cost in excess of \$10,000 and an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

DEKALB COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
SYCAMORE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Machinery, furniture and equipment	10

g. Fund Balances/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either nonspendable in form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for a specific purpose, or externally imposed by outside entities. Committed fund balance is constrained by formal actions of the ETSB, which is considered the ETSB's highest level of decision-making authority. Formal actions include resolutions approved by the ETSB. Assigned fund balance represents amounts constrained by the ETSB's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the ETSB's Treasurer in accordance with the Fund Balance Reporting and Flow of Funds Policy. Any residual fund balance of the general fund is reported as unassigned.

The ETSB's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the ETSB considers committed funds to be expended first, followed by assigned and then unassigned funds.

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the ETSB's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. None of the restricted fund balance or restricted net positions result from enabling legislation adopted by the ETSB.

h. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

DEKALB COUNTY EMERGENCY TELEPHONE SYSTEM BOARD

SYCAMORE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS WITH FINANCIAL INSTITUTIONS

Permitted Deposits and Investments - The ETSB's investment policy is consistent with statutes and allows for deposits/investments in insured commercial banks, U.S. Treasury Bills, certificates of deposit issued by banks located within and in close proximity to DeKalb County, money market mutual funds with portfolios of securities issued or guaranteed by the United States and Illinois Funds.

a. Deposits with Financial Institutions

To guard against custodial credit risk for deposits with financial institutions, the ETSB's investment policy requires that deposits with financial institutions in excess of FDIC be collateralized with collateral in an amount of 105% if U.S Treasury or agency securities are pledged, or 110% if other collateral is pledged, of the uninsured deposits with the collateral held by a third party acting as the agent of the ETSB. All of the ETSB's deposits were covered by either FDIC or collateral at December 31, 2014.

b. Investments

In accordance with its investment policy, the ETSB limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed to meet immediate operating needs.

The ETSB limits exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in insured or collateralized certificates of deposit.

Custodial credit risk is the risk that, in the event of failure of the counterparty to the investment, the ETSB will not be able to recover some or all of the investment that is in possession of an outside party. To limit its exposure, the ETSB's investment policy requires that all security transactions exposed to custodial credit risk are processed on a delivery versus payment (DVP) basis with the underlying investment held by a third party acting as the ETSB's agent separate from where the investment was purchased. The ETSB also limits its exposure to custodial credit risk by primarily investing in insured or collateralized certificates of deposit.

Concentration of credit risk - The ETSB's investment policy requires diversification of the portfolio but does not contain any specific diversification targets.

DEKALB COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
SYCAMORE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	Balance January 1, 2014	Increases	Decreases	Balance December 31, 2014
GOVERNMENTAL ACTIVITIES				
Capital assets being depreciated				
Machinery and equipment	\$ 615,823	\$ -	\$ -	\$ 615,823
Total capital assets being depreciated	<u>615,823</u>	<u>-</u>	<u>-</u>	<u>615,823</u>
Less accumulated depreciation for				
Machinery and equipment	511,050	24,480	-	535,530
Total accumulated depreciation	<u>511,050</u>	<u>24,480</u>	<u>-</u>	<u>535,530</u>
Total capital assets being depreciated, net	<u>511,050</u>	<u>24,480</u>	<u>-</u>	<u>535,530</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 104,773</u>	<u>\$ (24,480)</u>	<u>\$ -</u>	<u>\$ 80,293</u>

Depreciation expense was charged to functions of the primary government as follows:

GOVERNMENTAL ACTIVITIES	
Public safety	<u>\$ 24,480</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u><u>\$ 24,480</u></u>

4. RISK MANAGEMENT

The ETSB is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The ETSB has purchased commercial insurance for general liability, property insurance and other risks accounted for in the general fund from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in the current fiscal year or the preceding fiscal year.

5. PENSION PLAN

One employee of ETSB is covered by the Illinois Municipal Retirement Fund (IMRF) through DeKalb County and Social Security, respectively. Contributions are paid by DeKalb County and are reimbursed by the ETSB. Additional information on the IMRF plan, including funding requirements and the actuarial accrued liability is presented in the comprehensive annual financial report of DeKalb County.

REQUIRED SUPPLEMENTARY INFORMATION

**DEKALB COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
SYCAMORE, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Charges for services			
911 surcharge	\$ 296,000	\$ 296,000	\$ 282,415
Investment income	1,000	1,000	1,219
Miscellaneous	7,000	7,000	2,939
Total revenues	<u>304,000</u>	<u>304,000</u>	<u>286,573</u>
EXPENDITURES			
Personal services	18,100	18,100	17,760
Commodities and services			
Telephone	115,000	115,000	103,384
Travel	9,000	9,000	6,814
Training	55,000	55,000	40,389
Insurance	6,000	6,000	5,173
Office supplies	1,000	1,000	1,002
Office expense	3,000	3,000	3,000
Dues and memberships	300	300	229
Education	1,500	1,500	1,452
Professional services	14,600	14,600	15,499
Mapping	10,000	10,000	10,000
Lockbox service	3,000	3,000	-
Tower rental	1,200	1,200	1,200
Maintenance	79,000	79,000	26,278
Miscellaneous	8,300	8,300	249
Total expenditures	<u>325,000</u>	<u>325,000</u>	<u>232,429</u>
NET CHANGE IN FUND BALANCE	<u>\$ (21,000)</u>	<u>\$ (21,000)</u>	54,144
FUND BALANCE, JANUARY 1, 2014			<u>614,305</u>
FUND BALANCE, DECEMBER 31, 2014			<u><u>\$ 668,449</u></u>

(See independent auditor's report.)

**DEKALB COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
SYCAMORE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WIRELESS FUND**

For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Wireless surcharge	\$ 480,000	\$ 480,000	\$ 525,557
Investment income	100	100	95
	<hr/>		
Total revenues	480,100	480,100	525,652
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EXPENDITURES			
Personal Services	35,000	35,000	33,645
Commodities and services			
Telephone	140,000	140,000	128,540
Mapping	21,000	21,000	20,000
Maintenance	1,000	1,000	-
Wireless tower rental	5,000	5,000	4,932
Fire dispatch service	163,000	163,000	163,000
Police dispatch service	180,000	180,000	180,000
	<hr/>		
Total expenditures	545,000	545,000	530,117
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (64,900)</u>	<u>\$ (64,900)</u>	(4,465)
FUND BALANCE, JANUARY 1, 2014			<u>549,460</u>
FUND BALANCE, DECEMBER 31, 2014			<u><u>\$ 544,995</u></u>

(See independent auditor's report.)

**DEKALB COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
SYCAMORE, ILLINOIS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2014

BUDGETS

Formal budgetary integration is employed as a management control device. Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the General Fund, Wireless Fund and Capital Fund. These annual budgets lapse at fiscal year end. Expenditures may not legally exceed budgeted appropriations at the line item level.

During the year, there were no budget amendments.

SUPPLEMENTARY INFORMATION

**DEKALB COUNTY EMERGENCY TELEPHONE SYSTEM BOARD
SYCAMORE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL FUND**

For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Investment income	\$ 1,000	\$ 1,000	\$ 5,942
Total revenues	1,000	1,000	5,942
EXPENDITURES			
Capital outlay			
Capital equipment	55,000	55,000	2,401
Capital computer/printers	20,000	20,000	1,107
Capital construction	90,000	90,000	18,771
Next Generation 911	700,000	700,000	3,737
Total expenditures	865,000	865,000	26,016
NET CHANGE IN FUND BALANCE	\$ (864,000)	\$ (864,000)	(20,074)
FUND BALANCE, JANUARY 1, 2014			903,604
FUND BALANCE, DECEMBER 31, 2014			\$ 883,530

(See independent auditor's report.)