

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

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

For the Year Ended  
December 31, 2015



**DEKALB COUNTY EMERGENCY TELEPHONE SYSTEM BOARD**  
**SYCAMORE, ILLINOIS**  
**TABLE OF CONTENTS**

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	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT .....	1-2
<b>GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS</b>	
Management’s Discussion and Analysis.....	MD&A 1-6
Basic Financial Statements	
Statement of Net Position .....	3
Statement of Activities.....	4
Governmental Funds	
Balance Sheet .....	5
Statement of Revenues, Expenditures and Changes in Fund Balances.....	6
Notes to Financial Statements.....	7-13
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund .....	14
Wireless Fund.....	15
Notes to Required Supplementary Information.....	16
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Capital Fund .....	17



1415 W. Diehl Road, Suite 400  
Naperville, Illinois 60563

**Certified Public Accountants & Advisors**  
*Members of American Institute of Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Chairman  
Members of the Board  
DeKalb County Emergency  
Telephone System Board  
Sycamore, Illinois

We have audited the accompanying financial statements of the governmental activities and each major fund of the DeKalb County Emergency Telephone System Board (the ETSB), Sycamore, Illinois, as of and for the year ended December 31, 2015 and the related notes to financial statements which collectively comprise the ETSB'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 of 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 ETSB'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 ETSB'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, 2015, 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 25, 2016

**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, 2015.

### **Financial Highlights**

The assets of the 911 ETSB of DeKalb County exceeded its liabilities at the close of the fiscal year by \$2,181,255 (net position). Of this amount, \$1,663,930 in unrestricted net position may be used to meet the ETSB's ongoing obligations.

The ETSB's total net position increased over the previous year by \$3,988. This was due to increased revenues in the wireless surcharge, and expenditures that came in under budget.

The ETSB made a total contribution of \$170,000 to the Capital Fund this year, from both the General and Wireless Funds.

As of the close of fiscal year 2015, the ETSB's governmental funds reported an ending fund balance of \$2,117,976, an increase of \$21,002 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 2015 fiscal year, the unrestricted fund balance was \$1,663,930 of which \$1,030,802 was assigned for capital outlay and \$633,128 was unassigned in the General Fund. This figure is lower than the prior year as expenditures exceeded revenues in the General Fund. The majority of that difference was due to the unanticipated upgrade of the fire dispatch system. The current unassigned fund balance of \$633,128 is 250% of the total general fund expenditures of \$253,323.

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 ETSB.

The Statement of Activities presents information showing how the ETSB'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 ETSB'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 14-15 and 17. Additional notes to the required supplementary information can be found on page 16.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a ETSB's financial position. In the case of the 911 ETSB, assets exceeded liabilities by \$2,181,255 at the close of fiscal year 2015.

By far the largest portion of the 911 ETSB net position, 89.6 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 ETSB is responsible for providing vital public safety services that require periodic large expenditures to maintain its 911 dispatching system. In addition the ETSB 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 2015	Governmental Activities 2014
Current and other Assets	\$2,157,135	\$2,127,328
Capital Assets	\$63,279	\$80,293
<b>Total Assets</b>	<b>\$2,220,414</b>	<b>\$2,207,621</b>
Long-term Liabilities outstanding	-	-
Other Liabilities	\$39,159	\$30,354
<b>Total Liabilities</b>	<b>\$39,159</b>	<b>\$30,354</b>
Net Position:		
Net Investment in Capital Assets	\$63,279	\$80,293
Restricted For Wireless	\$454,046	\$544,995
Unrestricted	\$1,663,930	\$1,551,979
<b>Total Net Position</b>	<b>\$2,181,255</b>	<b>\$2,177,267</b>

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

The ETSB's total net position increased by \$3,988 during the current fiscal year.

**Governmental activities.** Governmental activities increased the 911 ETSB net position by \$3,988. Key elements of the overall increase are as follows:

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

	Governmental Activities 2015	Governmental Activities 2014
Program Revenues:		
911 Surcharge	\$266,306	\$282,415
Wireless Fees	\$550,692	\$525,557
General Revenues:		
Investment Income	\$5,019	\$7,256
Miscellaneous Income	\$10,065	\$2,939
Total General Revenues	\$832,082	\$818,167
Expenses:		
Public Safety	\$828,094	\$813,042
Total Expenses	\$828,094	\$813,042
Increase/Decrease in net position	\$3,988	\$5,125
Net position on December 31, 2014		\$2,177,267
Net position on December 31, 2015	\$2,181,255	

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, but in 2014 discontinued this practice. Beginning in July, 2014 they did, however, increase the amount of wireless fees the ETSB received on a monthly basis. The year 2015, is the first year we recognized 12 months of the increased revenue for this fee.

**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 ETSB'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 \$2,117,976, an increase of \$21,002 in comparison with the previous fiscal year end.

From that total, wireless funds of \$454,046 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 \$633,128. As a measure of the general fund's liquidity, it may be useful to compare restricted fund balance to total fund expenditures. Restricted fund balances represent 250% 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 \$454,046, which is restricted for wireless purposes. As a measure of the wireless fund's liquidity, it may be useful to compare restricted fund balance to total fund expenditures. The restricted fund balance represents 85% 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 ETSB's funds. The Treasurer's investment policy has as its first priority the security of the funds invested, followed by liquidity, and yield. The ETSB's funds were all fully collateralized as of the close of the fiscal year. This collateral is provided by depositories for the ETSB's deposits that exceed FDIC insurance. This collateral is held by a third-party custodial bank in the ETSB's name, or in a single institution collateral pool.

## **Budgetary Highlights**

The original budgets of the ETSB were amended this fiscal year. There were transfers totaling \$170,000 from General and Wireless Funds to the Capital Fund in anticipation of the design and construction of the Next Generation 911 system.

This year the ETSB voted to upgrade the Fire Dispatch System, adding equipment and antennas at new tower locations. The goal and intention was to make the upgrade so that the Fire Dispatch System now mirrors the Police Dispatch System. This upgrade was not included in the ETSB's original 2015 budget. It was decided to forego the annual stipends to the fire departments beginning in 2016 to help offset the cost of the upgrade.

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

The NINGA group, a multi-system NG911 committee formed to work cooperatively on the Next Generation 911 design and implementation in order to share resources and save money, continued to meet.

They released an RFP and contracted with a consultant to draft an RFP for a multi-system NG911 system. Five responses were received and three were chosen to continue with the interview process. Interviews were held in November, 2015. The vendor selection process will continue in 2016.

Legislation took effect on July 1, 2015, mandating that 911 Boards reduce the number of PSAPs (public service answering points) under their control by half, or file for a waiver. Under this law, the DeKalb County

ETSB 911 would be required to reduce the number of PSAPs from four to two. The ETSB has had on-going discussions and has established a subcommittee to address this issue.

The same legislation also changed the ETSB's funding mechanism to a statewide surcharge. All types of phone service, regardless if it is hard line, wireless, or VOIP, will all have the same surcharge of .87, beginning January 2, 2016. All surcharges collected by the telephone companies will now be sent to the Illinois State Police, and they will distribute them to the 911 Boards across the state. Phone company charges, previously paid by individual 911 Boards, will be paid by the Illinois State Police prior to distributions being made to the 911 Boards.

**Capital Assets**

**Capital assets.** The 911 ETSB of DeKalb County's investment in capital assets for its governmental activities as of December 31, 2015 totals \$63,279 (net of accumulated depreciation). This investment in capital assets includes machinery and equipment. There was a net decrease in capital assets of \$17,014 in the current fiscal year, due to depreciation. Additional information on the 911 ETSB of DeKalb County's capital assets can be found in note 3 of this report.

**DeKalb County 911 ETSB Capital Assets**  
(Net of depreciation)

	Governmental Activities 2015	Governmental Activities 2014
Machinery & Equipment	\$63,279	\$80,293
Total	\$63,279	\$80,293

**Economic Factors and Next Fiscal Year's Budgets**

Legislation which increased the amount of wireless fees the ETSB receives takes effect January 2, 2016. However, this legislation eliminated the one-time payments from the state. It makes the Illinois State Police the agency responsible for surcharge collection and distribution, as well as for paying the 911 Boards' telephone bills.

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, although beginning to show slight increases, will continue to be an immaterial contributor to overall income.

The state-mandated consolidation will be addressed. In March of 2016, the ETSB voted to file for a waiver to the consolidation requirement. As part of that vote, it was stated that if the waivers were denied, then the DeKalb County Sheriff and the City of DeKalb PSAPs would be the two PSAPs that would continue to receive and dispatch 911 calls.

The Next Generation 911 implementation will continue in 2016. Two vendors were asked to provide demonstrations of their products and services. Negotiations with a specific vendor will take place, following which individual contracts will be brought to each of the multi-system 911 Boards. Pending approval by those boards, and the state, the purchase and installation of Next Generation 911 equipment will begin.

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

**STATEMENT OF NET POSITION**

December 31, 2015

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	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Cash and investments	\$ 1,954,706
Receivables	
Accounts	202,429
Capital assets, net of accumulated depreciation	<u>63,279</u>
Total assets	<u>2,220,414</u>
<b>LIABILITIES</b>	
Accounts payable	<u>39,159</u>
Total liabilities	<u>39,159</u>
<b>NET POSITION</b>	
Net investment in capital assets	63,279
Restricted for wireless	454,046
Unrestricted	<u>1,663,930</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 2,181,255</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, 2015

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Change in Net Position
PRIMARY GOVERNMENT	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Governmental Activities					
Public safety	\$ 828,094	\$ 816,998	\$ -	\$ -	\$ (11,096)
Total governmental activities	828,094	816,998	-	-	(11,096)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 828,094</b>	<b>\$ 816,998</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(11,096)</b>
			General Revenues		
			Investment income		5,019
			Miscellaneous		10,065
			Total		15,084
			CHANGE IN NET POSITION		3,988
			NET POSITION, JANUARY 1, 2015		2,177,267
			<b>NET POSITION, DECEMBER 31, 2015</b>		<b>\$ 2,181,255</b>

See accompanying notes to financial statements.

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

December 31, 2015

	<b>General</b>	<b>Special Revenue Wireless</b>	<b>Capital Projects Capital</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and investments	\$ 634,596	\$ 284,643	\$ 1,035,467	\$ 1,954,706
Receivables				
Accounts	22,429	180,000	-	202,429
<b>TOTAL ASSETS</b>	<b>\$ 657,025</b>	<b>\$ 464,643</b>	<b>\$ 1,035,467</b>	<b>\$ 2,157,135</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 23,897	\$ 10,597	\$ 4,665	\$ 39,159
Total liabilities	23,897	10,597	4,665	39,159
<b>FUND BALANCES</b>				
Restricted - wireless	-	454,046	-	454,046
Unrestricted				
Assigned - capital outlay	-	-	1,030,802	1,030,802
Unassigned	633,128	-	-	633,128
Total fund balances	633,128	454,046	1,030,802	2,117,976
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 657,025</b>	<b>\$ 464,643</b>	<b>\$ 1,035,467</b>	

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 63,279

**NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 2,181,255

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, 2015

	General	Special Revenue Wireless	Capital Projects Capital	Total Governmental Funds
<b>REVENUES</b>				
Charges for services	\$ 266,306	\$ -	\$ -	\$ 266,306
Intergovernmental	-	550,692	-	550,692
Investment income	1,631	50	3,338	5,019
Miscellaneous revenue	10,065	-	-	10,065
Total revenues	278,002	550,742	3,338	832,082
<b>EXPENDITURES</b>				
Current				
Public safety				
Personal services	18,182	36,263	-	54,445
Commodities and services	235,141	495,428	-	730,569
Capital outlay	-	-	26,066	26,066
Total expenditures	253,323	531,691	26,066	811,080
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	24,679	19,051	(22,728)	21,002
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	170,000	170,000
Transfers (out)	(60,000)	(110,000)	-	(170,000)
Total other financing sources (uses)	(60,000)	(110,000)	170,000	-
NET CHANGE IN FUND BALANCES	(35,321)	(90,949)	147,272	21,002
FUND BALANCES, JANUARY 1, 2015	668,449	544,995	883,530	
<b>FUND BALANCES, DECEMBER 31, 2015</b>	<u>\$ 633,128</u>	<u>\$ 454,046</u>	<u>\$ 1,030,802</u>	
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				(17,014)
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>				<u>\$ 3,988</u>

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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**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, 2015, 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)

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**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 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)

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**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, except for wireless surcharge revenues which use a 120-day availability period due to the slowdown in remittances from the State of Illinois due to the absence of a State budget. 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)

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**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)

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**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

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the ETSB's deposits may not be returned to it. 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, 2015.

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, 2015 was as follows:

	Balances January 1, 2015	Increases	Decreases	Balances December 31, 2015
<b>GOVERNMENTAL ACTIVITIES</b>				
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	535,530	17,014	-	552,544
Total accumulated depreciation	<u>535,530</u>	<u>17,014</u>	<u>-</u>	<u>552,544</u>
Total capital assets being depreciated, net	<u>535,530</u>	<u>17,014</u>	<u>-</u>	<u>552,544</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 80,293</u>	<u>\$ (17,014)</u>	<u>\$ -</u>	<u>\$ 63,279</u>

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

<b>GOVERNMENTAL ACTIVITIES</b>	
Public safety	<u>\$ 17,014</u>
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<u>\$ 17,014</u>

**4. INDIVIDUAL FUND DISCLOSURES**

a. Transfers

The composition of interfund transfers during the year is as follows:

	Transfer From	Transfer To
General		
Capital	\$ -	\$ 60,000
Wireless		
Capital	-	110,000
Capital		
General	60,000	-
Wireless	<u>110,000</u>	<u>-</u>
<b>TOTAL</b>	<u>\$ 170,000</u>	<u>\$ 170,000</u>

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

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**4. INDIVIDUAL FUND DISCLOSURES (Continued)**

a. Transfers (Continued)

The purposes of the transfers are as follows:

- \$60,000 transferred to the Capital Fund from the General Fund is funding for future capital purposes. This transfer will not be repaid.
- \$110,000 transferred to the Capital Fund from the Wireless Fund is funding for future capital purposes. This transfer will not be repaid.

**5. 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. The employee of the ETSB is covered under the County's self-insurance program. Settled claims from these risks have not exceeded commercial insurance coverage in the current fiscal year or the preceding fiscal year.

**6. PENSION PLAN**

One employee of ETSB is covered by the Illinois Municipal Retirement Fund (IMRF) through the County and Social Security, respectively. Contributions are paid by the County and are reimbursed by the ETSB. Additional information on the IMRF plan, including funding requirements and the net pension liability is presented in the comprehensive annual financial report of the 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, 2015

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Charges for services			
911 surcharge	\$ 277,000	\$ 277,000	\$ 266,306
Investment income	1,000	1,700	1,631
Miscellaneous	2,000	11,100	10,065
	<hr/>		
Total revenues	280,000	289,800	278,002
	<hr/>		
<b>EXPENDITURES</b>			
Personal services	18,500	18,800	18,182
Commodities and services			
Telephone	105,500	106,400	100,904
Travel	9,000	9,000	8,427
Training	40,000	40,000	31,978
Insurance	5,700	5,700	5,592
Office supplies	1,000	1,000	843
Office expense	3,000	3,000	3,000
Dues and memberships	300	300	251
Education	1,500	1,500	1,332
Professional services	15,300	15,300	15,071
Mapping	10,000	10,000	10,000
Lockbox service	3,000	3,000	-
Tower rental	1,200	1,200	1,200
Maintenance	59,000	86,900	56,478
Miscellaneous	2,000	2,000	65
	<hr/>		
Total expenditures	275,000	304,100	253,323
	<hr/>		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,000	(14,300)	24,679
	<hr/>		
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(250,000)	(60,000)	(60,000)
	<hr/>		
Total other financing sources (uses)	(250,000)	(60,000)	(60,000)
	<hr/>		
NET CHANGE IN FUND BALANCE	\$ (245,000)	\$ (74,300)	(35,321)
	<hr/>		
FUND BALANCE, JANUARY 1, 2015			668,449
	<hr/>		
<b>FUND BALANCE, DECEMBER 31, 2015</b>			<b>\$ 633,128</b>
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(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, 2015

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Intergovernmental			
Wireless surcharge	\$ 545,000	\$ 551,000	\$ 550,692
Investment income	100	100	50
	<hr/>		
Total revenues	545,100	551,100	550,742
	<hr/>		
<b>EXPENDITURES</b>			
Personal Services	34,800	36,400	36,263
Commodities and services			
Telephone	140,000	140,000	124,804
Mapping	34,000	34,000	21,545
Maintenance	1,200	1,200	999
Wireless tower rental	5,100	5,100	5,080
Fire dispatch service	163,000	163,000	163,000
Police dispatch service	180,000	180,000	180,000
	<hr/>		
Total expenditures	558,100	559,700	531,691
	<hr/>		
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(13,000)	(8,600)	19,051
	<hr/>		
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(110,000)	(110,000)	(110,000)
	<hr/>		
Total other financing sources (uses)	(110,000)	(110,000)	(110,000)
	<hr/>		
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (123,000)</u>	<u>\$ (118,600)</u>	(90,949)
	<hr/>		
<b>FUND BALANCE, JANUARY 1, 2015</b>			<u>544,995</u>
	<hr/>		
<b>FUND BALANCE, DECEMBER 31, 2015</b>			<u>\$ 454,046</u>

(See independent auditor's report.)

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2015

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**BUDGETS**

Formal budgetary integration is employed as a management control device. Budgets are adopted on a basis consistent with GAAP. 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 was one budget amendment.

**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, 2015

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Investment income	\$ 2,000	\$ 3,400	\$ 3,338
Total revenues	2,000	3,400	3,338
<b>EXPENDITURES</b>			
Capital outlay			
Capital equipment	119,000	119,000	100
Capital construction	125,000	125,000	-
Next Generation 911	1,048,000	1,048,000	25,966
Total expenditures	1,292,000	1,292,000	26,066
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,290,000)</b>	<b>(1,288,600)</b>	<b>(22,728)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	360,000	360,000	170,000
Total other financing sources (uses)	360,000	360,000	170,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (930,000)</b>	<b>\$ (928,600)</b>	<b>147,272</b>
FUND BALANCE, JANUARY 1, 2015			883,530
<b>FUND BALANCE, DECEMBER 31, 2015</b>			<b>\$ 1,030,802</b>

(See independent auditor's report.)