



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

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FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

For the Year Ended December 31, 2019



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**DEKALB COUNTY EMERGENCY TELEPHONE SYSTEM BOARD**  
**SYCAMORE, ILLINOIS**  
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## **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, 2019 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, 2019, 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 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 basic financial statements.

The 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 basic financial statements or to the basic 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 as a whole.

*Sikich LLP*

Naperville, Illinois

June 29, 2020

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

## **FY 2019 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, 2019.

### **Financial Highlights**

The assets of the 911 ETSB of DeKalb County exceeded its liabilities at the close of the fiscal year by \$3,667,943 (net position). Of this amount, \$3,547,468 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 \$810,141. This was due to investment income and state surcharges that exceeded the budgeted amount, and expenditures that came in under budget.

The ETSB made a \$350,000 contribution to the Capital Fund this year.

As of the close of fiscal year 2019, the ETSB's governmental funds reported an ending fund balance of \$3,547,468, an increase of \$814,816 in comparison to the prior year. This is due, again, investment income and state surcharges that exceeded the budgeted amount, and expenditures that were less than the budgeted amount.

At the end of the 2019 fiscal year, the unrestricted fund balance was \$3,528,416 of which \$1,511,089 was assigned for capital outlay, and \$2,017,327 was unassigned in the General Fund. This figure is higher than the prior year. The current unassigned fund balance of \$2,017,327 is 373% of the total general fund expenditures of \$541,603.

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 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 two governmental funds, the general fund and the capital fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances.

The 911 ETSB of DeKalb County adopts an annual appropriation/budget for its general and capital funds. A budgetary comparison statement has been provided for both 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.

### **Required Supplementary Information**

A budget vs. actual comparison for the General Fund can be found on page 14. Additional notes to the required supplementary information can be found on page 15.

### **Supplementary Information**

A budget vs. actual comparison for Capital Fund can be found on page 16.

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

As noted earlier, net position may serve over time as a useful indicator of an ETSB's financial position. In the case of the DeKalb County 911 ETSB, assets exceeded liabilities by \$3,677,943 at the close of fiscal year 2019.

By far the largest portion of the 911 ETSB net position, 86.5 percent, reflects its cash and investments, with the balance being accounts receivable, prepaid expenses, 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 2019	Governmental Activities 2018
Current and other Assets	\$3,558,902	\$2,735,914
Capital Assets	\$130,475	\$135,150
<b>Total Assets</b>	<b>\$3,689,377</b>	<b>\$2,871,064</b>
Long-term Liabilities outstanding	-	-
Other Liabilities	\$11,434	\$3,262
<b>Total Liabilities</b>	<b>\$11,434</b>	<b>\$3,262</b>
Net Position:		
Investment in Capital Assets	\$130,475	\$135,150
Unrestricted	\$3,547,468	\$2,732,652
<b>Total Net Position</b>	<b>\$3,677,943</b>	<b>\$2,867,802</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 \$810,141 during the current fiscal year.

**Governmental activities.** Governmental activities increased the 911 ETSB net position by \$810,141. Key elements of the overall increase are as follows:

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

	Governmental Activities 2019	Governmental Activities 2018
Program Revenues:		
911 Surcharge	\$1,383,313	\$1,420,845
General Revenues:		
Investment Income	\$56,410	\$31,311
Miscellaneous Income	\$9,810	\$169
Total General Revenues	\$1,449,533	\$1,452,325
Expenses:		
Public Safety	\$639,392	\$1,192,844
Total Expenses	\$639,392	\$1,192,844
Increase in net position	\$810,141	\$259,481
Net position on December 31, 2018		\$2,867,802
Net position on December 31, 2019	\$3,677,943	

911 surcharge revenues decreased slightly during the year. A law effective January 2, 2016 provided that all 911 surcharges be submitted to the Illinois State Police (ISP). The ISP then distributes the funds to the County ETSBs. This was the third year of the surcharge being collected and distributed by the state. On January 1, 2018, the surcharge was increased from \$.87 to \$1.50 per line.

**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 \$3,547,468, an increase of \$814,816 in comparison with the previous fiscal year end.

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 \$2,017,327. 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 373% of total general fund expenditures.

The capital fund is funded from periodic contributions from the general fund. It is used to fund large purchases of machinery and equipment as well as infrastructure construction. The balance in this fund is assigned to the construction and implementation of Next Generation 911, as well as the purchase of logging recorders, and consolidation expenses.

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 General Fund and Capital Fund budgets of the ETSB were amended this fiscal year to account for the transfer of \$350,000 from the General Fund to the Capital Fund. The amendment also addressed slight variations in expenditures and other revenues.

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

The NINGA group is 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. The NINGA group signed a contract with a vendor during 2016 to provide the Next Generation 911 Services. NINGA filed an implementation plan with the ICC & the Illinois State Police (ISP) in 2017. The ICC hearing process was completed and the plan was not approved. As a result, the NG911 equipment vendor sought a replacement for a subcontractor. The original plan was modified and submitted for ISP approval in December, 2019. It was approved in January, 2020. It is the Board's intent that DeKalb County will go live on NG911 no later than the fourth quarter of 2020.

Legislation effective July 1, 2015, mandated that 911 Boards reduce the number of PSAPs (public service answering points) under their control by half, or file for a waiver of that requirement. Under this law, the DeKalb County ETSB 911 would be required to reduce the number of PSAPs from four to two. The ETSB filed for a waiver of the consolidation requirement, but the waiver was denied. The two PSAPs impacted were the Sandwich Police Department and NIU Police Department PSAPs. The ETSB filed a consolidation plan with the ISP by the June 30, 2018 deadline. The PSAP consolidation project was completed by June 30, 2019.

**Capital Assets**

**Capital assets.** The 911 ETSB of DeKalb County’s investment in capital assets for its governmental activities as of December 31, 2019 totals \$130,475 (net of accumulated depreciation). This investment in capital assets includes construction in progress, and machinery and equipment. There was a net decrease in capital assets of \$4,675 in the current fiscal year, due to depreciation outpacing current year additions. 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**

	Governmental Activities 2019	Governmental Activities 2018
Construction in Progress	\$108,400	\$108,400
Machinery & Equipment (net of depreciation)	\$22,075	\$26,750
Total	\$130,475	\$135,150

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

Legislation passed in July, 2017, with an effective date of January 1, 2018, increased the 911 surcharge to \$1.50. This change resulted in additional revenue being recognized by the ETSB for 18 months after the effective date. On July 1, 2020, there will be an expected decrease in the amount the ETSBs will receive state-wide. This surcharge impacts all cell phone and landline users.

Investment income showed increases for 2019 but will not likely become a material contributor to future revenues.

It is anticipated that Next Generation 911 implementation will be substantially completed by the fourth quarter of 2020. There is an anticipated increase in the annual expenses for maintenance of the system/equipment related to NG911.

The state-mandated PSAP consolidation project was completed as of June 30, 2019. The DeKalb County Sheriff and the City of DeKalb PSAPs are the two PSAPs that will continue to receive and dispatch 911 calls. The ETSB will apply for State grants to attempt to recover some of the consolidation expenses.

In 2017, the 911 ETSB of DeKalb County signed an Intergovernmental Agreement with DeKalb County to make a \$600,000 contribution to a new Sheriff’s Radio Communication System in 2018. The County is constructing a complete countywide P25 digital radio system which will include all police and fire agencies. This new system will improve radio coverage and public safety communications countywide. As part of the Agreement, the Board will be transferring its existing infrastructure, including equipment, to DeKalb County. This Agreement and transfer of equipment will benefit the 911 ETSB of DeKalb County by reducing the Board’s costs for insurance, tower rental, fire system maintenance, and DATA Fiber participation costs. The Board will enjoy long-term savings for equipment refresh costs as well.

As part of the new radio system, a new MABAS system was purchased. The Board intends to provide ongoing maintenance and refresh of the MABAS system.

The advent of COVID-19 has not financially impacted the ETSB. It has, however, delayed the Next Gen 911 installation process.

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

**STATEMENT OF NET POSITION**

December 31, 2019

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	<b><u>Governmental Activities</u></b>
<b>ASSETS</b>	
Cash and investments	\$ 3,180,781
Receivables	
Accounts	352,695
Accrued interest	6,374
Prepaid expenses	19,052
Capital assets not being depreciated	108,400
Capital assets, net of accumulated depreciation	<u>22,075</u>
Total assets	<u>3,689,377</u>
<b>LIABILITIES</b>	
Accounts payable	<u>11,434</u>
Total liabilities	<u>11,434</u>
<b>NET POSITION</b>	
Investment in capital assets	130,475
Unrestricted	<u>3,547,468</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 3,677,943</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, 2019

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 Governmental Activities
Governmental Activities					
Public safety	\$ 639,392	\$ -	\$ -	\$ -	\$ (639,392)
Total governmental activities	639,392	-	-	-	(639,392)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 639,392</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(639,392)</b>
			General Revenues		
			Intergovernmental	1,383,313	
			Investment income	56,410	
			Miscellaneous	9,810	
			Total	1,449,533	
			CHANGE IN NET POSITION		810,141
			NET POSITION, JANUARY 1		2,867,802
			<b>NET POSITION, DECEMBER 31</b>		<b>\$ 3,677,943</b>

See accompanying notes to financial statements.

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

December 31, 2019

	General	Capital Projects Capital	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 1,661,256	\$ 1,519,525	\$ 3,180,781
Receivables			
Accounts	352,695	-	352,695
Accrued interest	6,374	-	6,374
Prepaid expenses	19,052	-	19,052
	<b>TOTAL ASSETS</b>	<b>\$ 1,519,525</b>	<b>\$ 3,558,902</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 2,998	\$ 8,436	\$ 11,434
	Total liabilities	8,436	11,434
<b>FUND BALANCES</b>			
Nonspendable - prepaid expenses	19,052	-	19,052
Unrestricted			
Assigned - capital outlay	-	1,511,089	1,511,089
Unassigned	2,017,327	-	2,017,327
	Total fund balances	1,511,089	3,547,468
	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,519,525</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			130,475
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>			<b>\$ 3,677,943</b>

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, 2019

	General	Capital Projects Capital	Total Governmental Funds
<b>REVENUES</b>			
Intergovernmental	\$ 1,383,313	\$ -	\$ 1,383,313
Investment income	29,589	26,821	56,410
Miscellaneous revenue	9,810	-	9,810
Total revenues	1,422,712	26,821	1,449,533
<b>EXPENDITURES</b>			
Current			
Public safety			
Personal services	73,430	-	73,430
Commodities and services	468,173	-	468,173
Capital outlay	-	93,114	93,114
Total expenditures	541,603	93,114	634,717
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	881,109	(66,293)	814,816
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	350,000	350,000
Transfers (out)	(350,000)	-	(350,000)
Total other financing sources (uses)	(350,000)	350,000	-
<b>NET CHANGE IN FUND BALANCES</b>	531,109	283,707	814,816
<b>FUND BALANCES, JANUARY 1</b>	1,505,270	1,227,382	
<b>FUND BALANCES, DECEMBER 31</b>	\$ 2,036,379	\$ 1,511,089	
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			(4,675)
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>			\$ 810,141

See accompanying notes to financial statements.

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

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2019

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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, 2019, 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 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.

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.

**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 (Continued)

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 60-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 911 surcharge and wireless fees.

e. Cash and Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The ETSB categorizes the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The ETSB did not have any investments measured at fair value as of December 31, 2019.

f. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses and are expensed when consumed.

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

g. 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 acquisition 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.

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

Assets	Years
Machinery, furniture and equipment	10

h. 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.

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

h. Fund Balances/Net Position (Continued)

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.

i. Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

**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 The 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, 2019.

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.

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

**2. DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)**

b. Investments (Continued)

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 limits the amount of the portfolio that can be invested in any one investment vehicle to 60% of the portfolio, excluding U.S. Treasury obligations.

**3. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balances January 1	Increases	Decreases	Balances December 31
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Construction in progress	\$ 108,400	\$ -	\$ -	\$ 108,400
Total capital assets being depreciated	108,400	-	-	108,400
Capital assets being depreciated				
Machinery and equipment	524,648	-	-	524,648
Total capital assets being depreciated	524,648	-	-	524,648
Less accumulated depreciation for				
Machinery and equipment	497,898	4,675	-	502,573
Total accumulated depreciation	497,898	4,675	-	502,573
Total capital assets being depreciated, net	26,750	(4,675)	-	22,075
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>				
	\$ 135,150	\$ (4,675)	\$ -	\$ 130,475

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

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**3. CAPITAL ASSETS (Continued)**

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

GOVERNMENTAL ACTIVITIES

Public safety	<u>\$ 4,675</u>
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**4. INDIVIDUAL FUND DISCLOSURES**

a. Transfers

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

	Transfer In	Transfer Out
General Fund	\$ -	\$ 350,000
Capital Fund	350,000	-
<b>TOTAL</b>	<u>\$ 350,000</u>	<u>\$ 350,000</u>

The purposes of the transfers are as follows:

- \$350,000 transferred to the Capital Fund from the General Fund for future capital projects. 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 DeKalb 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 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 net pension 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, 2019

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Intergovernmental			
911 surcharge	\$ 1,200,000	\$ 1,200,000	\$ 1,383,313
Investment income	20,000	20,000	29,589
Miscellaneous	-	10,000	9,810
	<hr/>		
Total revenues	1,220,000	1,230,000	1,422,712
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<b>EXPENDITURES</b>			
Personal services	75,400	75,400	73,430
Commodities and services			
Telephone	101,500	101,800	1,645
Travel	9,000	9,000	6,124
Training	35,000	35,000	26,275
Insurance	6,000	6,000	4,561
Office supplies	1,000	1,000	796
Office expense	3,000	3,000	3,000
Dues and memberships	500	500	379
Education	1,500	1,500	1,500
Professional services	17,500	17,500	17,500
Mapping	58,000	58,000	34,743
Tower rental	4,000	7,000	6,645
Maintenance	49,200	49,200	21,905
Fire system dispatch	163,000	163,000	163,000
Police system dispatch	173,000	180,000	180,000
Miscellaneous	400	400	100
	<hr/>		
Total expenditures	698,000	708,300	541,603
<hr/>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	522,000	521,700	881,109
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<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	-	(350,000)	(350,000)
	<hr/>		
Total other financing sources (uses)	-	(350,000)	(350,000)
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NET CHANGE IN FUND BALANCE	\$ 522,000	\$ 171,700	531,109
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FUND BALANCE, JANUARY 1			1,505,270
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<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 2,036,379</b>

(See independent auditor's report.)

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

December 31, 2019

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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 by the Emergency Telephone System Board for the General 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, 2019

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Investment income	\$ 17,000	\$ 25,000	\$ 26,821
Total revenues	17,000	25,000	26,821
<b>EXPENDITURES</b>			
Commodities and services			
Consolidation expense	150,000	150,000	-
Capital outlay			
Capital equipment	345,000	345,000	70,641
Capital computers/printers	2,000	2,000	-
Capital construction	50,000	50,000	-
Next generation 911	160,000	160,000	22,473
Total expenditures	707,000	707,000	93,114
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(690,000)	(682,000)	(66,293)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	350,000	350,000
Total other financing sources (uses)	-	350,000	350,000
NET CHANGE IN FUND BALANCE	<u>\$ (690,000)</u>	<u>\$ (332,000)</u>	283,707
FUND BALANCE, JANUARY 1			<u>1,227,382</u>
<b>FUND BALANCE, DECEMBER 31</b>			<u><u>\$ 1,511,089</u></u>

(See independent auditor's report.)